

Improving progression from low-paid jobs at city-region level

Sissons, Paul; Ray, Kathryn; Hughes, Ceri; Ferrara, Jennifer; Green, Anne

License:

None: All rights reserved

Document Version

Publisher's PDF, also known as Version of record

Citation for published version (Harvard):

Sissons, P, Ray, K, Hughes, C, Ferrara, J & Green, A 2016, *Improving progression from low-paid jobs at city-region level*. Joseph Rowntree Foundation. <<https://www.jrf.org.uk/report/improving-progression-low-paid-jobs-city-region-level>>

[Link to publication on Research at Birmingham portal](#)

Publisher Rights Statement:

Checked for eligibility: 17/07/2016

All rights reserved. Reproduction of this report by photocopying or electronic means for noncommercial purposes is permitted

General rights

Unless a licence is specified above, all rights (including copyright and moral rights) in this document are retained by the authors and/or the copyright holders. The express permission of the copyright holder must be obtained for any use of this material other than for purposes permitted by law.

- Users may freely distribute the URL that is used to identify this publication.
- Users may download and/or print one copy of the publication from the University of Birmingham research portal for the purpose of private study or non-commercial research.
- User may use extracts from the document in line with the concept of 'fair dealing' under the Copyright, Designs and Patents Act 1988 (?)
- Users may not further distribute the material nor use it for the purposes of commercial gain.

Where a licence is displayed above, please note the terms and conditions of the licence govern your use of this document.

When citing, please reference the published version.

Take down policy

While the University of Birmingham exercises care and attention in making items available there are rare occasions when an item has been uploaded in error or has been deemed to be commercially or otherwise sensitive.

If you believe that this is the case for this document, please contact UBIRA@lists.bham.ac.uk providing details and we will remove access to the work immediately and investigate.



Improving progression from low-paid jobs at city-region level

by Anne Green, Paul Sissons, Kathryn Ray, Ceri Hughes and Jennifer Ferreira

This report presents proposals for a package of employment and skills initiatives that are relevant to the needs of Leeds City Region residents and employers, but could also be applied to other local areas.

Improving progression from low-paid jobs at city-region level

Anne Green, Paul Sissons, Kathryn Ray, Ceri Hughes and Jennifer Ferreira

What can city stakeholders do to help individuals progress out of low-paid jobs? Enabling progression is important for tackling in-work poverty. In the context of Universal Credit, employer co-investment in skills, and cities gaining more devolved powers, there are opportunities to develop progression-focused policies. This report presents proposals for a package of employment and skills initiatives relevant to the needs of Leeds City Region residents and employers, with wider applicability to other local areas.

The report shows:

- a partnership approach is required to local and sectoral development needs, to focus on skills and earnings progression for low-income individuals while also meeting employers' needs;
- low-paid workers would benefit from a careers information, advice and guidance service to support progression;
- there is scope for an in-work progression service with a sectoral-based approach focusing on both employers and low-wage workers; and
- a business support service could help enhance opportunities for part-time workers.

Contents

Executive summary	1
1 Introduction	4
2 The labour market, sectoral and policy context for in-work progression	11
3 Proposals for a package of progression initiatives for the LCR	37
4 Implications for stakeholders and future considerations	71
Notes	78
References	81
Appendix 1: Proposals for Skills Policy Development Group meeting	86
Appendix 2: Summary of workshop discussion: exploring the role of financial incentives for employers to invest in workforce skills and progression for low-wage workers	92
Acknowledgements	93
About the authors	93
List of tables	
1 Sectors of interest and mapping to Working Futures sectors, UK	12
2 Occupations with the largest projected future demand requirements in the LCR	20
3 ASHE estimates of gross hourly wages (£) by sector – Yorkshire and the Humber, 2013	21
4 Summary of key trends and issues by sector	25
5 Employment and pay progression for recent Level 2 and 3 apprenticeship completers in England (% of completers by age group), 2014	33
6 Summary of implications of proposed initiatives for LCR stakeholders	73
7 Key sectors for the focus of the proposed initiatives	76
8 Topic proposals for discussion (April 2015)	87
List of figures	
1 Stages in the pathway to employment	4
2 Expansion and replacement demand by 22 sectors, 2012–2022, ranked by absolute net requirement, UK	13

3	Occupational profile of expansion demand and replacement demand, 2012–2022: wholesale and retail trade	14
4	Occupational profile of expansion demand and replacement demand, 2012–2022: retail trade	14
5	Occupational profile of expansion demand and replacement demand, 2012–2022: accommodation and food services	15
6	Occupational profile of expansion demand and replacement demand, 2012–2022: health and social work	15
7	Occupational profile of expansion demand and replacement demand, 2012–2022: residential care	16
8	Occupational profile of expansion demand and replacement demand, 2012–2022: construction	16
9	Occupational profile of expansion demand and replacement demand, 2012–2022: transport and storage	17
10	Occupational profile of expansion demand and replacement demand, 2012–2022: professional services	17
11	Occupational profile of expansion demand and replacement demand, 2012–2022: finance and insurance	18
12	Occupational profile of expansion demand and replacement demand, 2012–2022: engineering	18
13	Occupational profile of expansion demand and replacement demand, 2012–2022: rest of manufacturing	19
14	Indicative evidence map of different stages of an employment pathway	24
15	Programme starts for LCR residents aged 19 years and over, 2013/4	32
16	Apprenticeship starts by age group, Yorkshire and the Humber, 2005/06 to 2013/14	33
17	Package of interlinked policy initiatives	39
18	Outline of current National Careers Service payment model	42
19	Core design elements for review in the consultation and pilot project	43
20	Logic model: LCR NCS trial project	45
21	Support for individuals to progress – advancement service: delivery model	51
22	Logic model: LCR advancement service	52
23	Support for individuals to progress – sector-based approach: delivery model	57

24	Logic model: sector-based approach	58
25	Logic model: business support service supporting part-time career progression	65

Executive summary

Enabling progression out of low pay is one important element in tackling in-work poverty in the UK. Existing skills and employment support systems tend to concentrate on entry into work rather than in-work progression. But with the rollout of Universal Credit (UC), and a greater focus on employers' involvement in skills policy and sector-specific initiatives, interest in in-work progression is increasing. The policy agenda of devolving funding to local areas to support economic growth, and in England Local Enterprise Partnerships' (LEPs') strategic responsibility for European Structural and Investment Funds (ESIF), including the European Social Fund (ESF), also provides opportunities to develop innovative employment and skills initiatives with a focus on progression.

Opportunities for progression are shaped by a range of factors, including personal and household circumstances, access to training opportunities, employer practices regarding internal promotion opportunities, firm size and sector, local labour market conditions, macroeconomic conditions, and labour market and welfare policies. Individuals also have different attitudes towards progression in work: for some it is a long-term rather than short-term goal, and for others it may not be a priority at all.

Aim and methods

The aim of this research is to develop proposals for a package of progression-focused employment and skills initiatives relevant to the needs of Leeds City Region (LCR) residents and employers, encompassing short-term and longer-term changes. The proposed initiatives build on an evidence base and labour market assessments involving analysis of projected future employment requirements by sector; a review of good practice in design, governance and delivery of local skills systems; a selective assessment of relevant skills provision; and discussions with stakeholders in the LCR. Although the research focuses on circumstances in, and initiatives for, the LCR, the evidence review, analysis and proposed initiatives have wider applicability for other local areas.

Projected employment change and analysis of pay

The government's Working Futures employment projections for the period from 2012 to 2022 show the largest net requirements in the LCR for occupations associated with low pay and high pay. Absolute requirements are largest in the health and social work sector (especially residential care) and wholesale and retail trade sector (notably retail), followed by professional services. Accommodation and food services, and construction are also characterised by employment growth.

Analysis of pay across all sectors at UK level shows four sectors with median annual and hourly earnings that are significantly below the national median of all sectors: retail, accommodation and food services, residential care, and arts, entertainment and recreation. The data also illustrate the compressed nature of the wage distribution in these sectors, indicating that progression within the sector may yield limited financial reward.

Evidence review: key findings

A systematic review of national and international literature focusing on the retail, hospitality, social care, construction, transport and logistics, financial and professional services, and manufacturing sectors, revealed relatively few initiatives within sectors aimed specifically at progression, although there are more examples in some sectors than others. The review highlights the importance of individuals' and employers' orientations towards worker progression, and of providing supportive HR and training provision. Initiatives also highlight the importance of strong and direct links between skills activity and progression routes. Partnership working and effective models of employer engagement also emerge as important.

A key lesson from US evidence is that models orientated towards a 'dual customer' approach, where they seek to help both employers and jobseekers/low-wage workers through the same programme, can be effective, but often require some driver of employer engagement, such as skills shortages or high turnover. The US literature also identifies that developing sector-based policies targeted at improving outcomes for low-earners requires first identifying a 'promising' sector or sectors, and then developing a strategy to improve access/outcomes.

Skills upgrading

Since individuals with higher education and vocational training qualifications are less likely to experience low pay, raising skill levels can play an important role in supporting progression. While governments have consistently framed skills initiatives as a means of improving the labour market position of disadvantaged groups, the resources dedicated to skills initiatives targeted at low-paid workers are relatively minimal. This means that there is a gap in skills provision for people in low-paid work.

Analyses of skills provision data show that there is a considerable amount of training activity taken up by people in work in the LCR – including in sectors characterised by low pay, albeit comprising only a small proportion of overall skills provision delivered to learners in the LCR. There is little evidence on the extent to which the provision available results in pay progression, since this type of outcome data is not captured consistently. Supporting individuals to move between sectors is an important strategy for earnings progression, and part-time education and training provision, and careers information, advice and guidance (IAG) services can be supportive of this.

Proposed policy initiatives

Three interlinked policy initiatives, with a combination of individual- and employer-facing elements, are presented in this report. The initiatives are designed to take account of current policies, structures and resources in the LCR, but they are not necessarily constrained by them; rather they seek to be aspirational, in the sense of raising ambition and providing ideas and new approaches intended to achieve step change in addressing progression from low pay. The three initiatives are:

1. a careers IAG service for low-paid workers to support progression: the proposal focuses on key design features;
2. an in-work progression service for individuals, encompassing two alternative models: an advancement service for individuals providing a combination of career support/coaching and guidance, with training provision aimed at accessing a higher-paid job, and a sectoral-based approach focusing on both employers and low-wage workers; and
3. a business support service aimed at enhancing opportunities for part-time workers.

The design of the proposed initiatives was informed by a review of existing evidence and discussion with stakeholders in the LCR and other experts. However, the initiatives are of generic relevance and so could be considered for implementation in other areas, with due account taken of local context. While some may be suitable for funding via the ESF, others involve working outside the existing infrastructure

and developing new models, or setting up a commission to inform the shape of future service provision. It is recommended that evaluation activity is built in from the outset as initiatives are implemented.

Supply and demand

In addressing in-work poverty, local stakeholders need to develop a framework for progression-focused employment and skills initiatives that are pertinent to the needs of employers and local residents. Such a framework needs to address both supply and demand issues, in accordance with their inter-relationships. This is because skills are a 'derived demand' that depend on a firm's characteristics, and the specification of goods and services it produces. Where demand for skills is low and individuals' skills are not fully utilised, productivity is undermined – and the quality of local jobs in terms of pay, job security and the possibility for career progression is limited.

Partnership working

Given the need to work across the policy domains of employment, skills, education, training and economic development, a broad set of local actors and institutions have a role to play in developing a framework for progression-focused employment and skills initiatives, and their associated implementation and delivery. Stakeholders include economic development agencies and LEPS; colleges, private sector training providers and universities; trade unions; employers' and trade associations; local authorities; and employment services providers.

For those initiatives focused on specific sectors, there needs to be effective engagement with those sectors; this may involve sectoral bodies. A partnership approach to local and sectoral development needs to:

- focus on skills and earnings progression for low-income adults, while also meeting employers' needs;
- map progression pathways and opportunities in sectors of importance to the local area;
- build on existing state-supported initiatives; and
- commit to systemic change within and across institutions, and not just implementation of demonstration projects (which may be unsustainable).

1 Introduction

Background

In-work progression as a key policy issue

Households with at least one member in employment now account for the majority of working-age households in poverty (DWP, 2014). Given the increase in poverty in working households (MacInnes *et al.*, 2013), enabling workers to move out of low pay (through earnings progression) is one important element in tackling poverty in the UK.¹ The introduction of Universal Credit (UC), under which there is an expectation (with in-work conditionality) that very low earners will seek to increase their hours and/or wages, provides a further policy impetus for enabling in-work progression.

Low pay is relatively prevalent in the UK economy (Paull and Patel, 2012) but the incidence varies significantly across different groups of workers and different types of job. Younger workers, women, part-time workers and some ethnic minorities display comparatively high incidences of low pay (Platt, 2006; Whittaker and Hurrell, 2013). Occupations with large numbers of workers paid below the level of the current Living Wage² include sales and retail assistants (760,000), kitchen and catering assistants (370,000), and care workers and home carers (320,000) (Markit, 2014). Workers employed in the retail, hospitality and catering, and social care sectors also have comparatively high rates of household poverty (Cribb *et al.*, 2013).

What is ‘progression’?

Concern with in-work progression follows on from emphasis on pre-employment interventions, support at the time of employment entry and for staying in work at earlier stages in an employment pathway (Figure 1).

Figure 1: Stages in the pathway to employment



Source: Green *et al.* (2015)

There are various ways in which progression can be assessed. From a policy perspective, progression is generally viewed in monetary terms through achieving additional earnings from either a higher hourly rate or more hours worked. However, progression can also be viewed to include some non-monetary outcomes, such as increased job stability, which may also increase earnings over the longer-term (Wilson *et al.*, 2013).

Several studies have assessed progression in monetary terms, finding that a relatively sizeable proportion of low-paid workers remain stuck in low pay over an extended duration (Dickens, 2000; Dickens and McKnight, 2008; Hurrell, 2013; D'Arcy and Hurrell, 2014; Kumar *et al.*, 2014). For example, D'Arcy and Hurrell (2014) found that 12% of workers with a relatively consistent employment history who were in low pay in 2001 remained in low pay over the entire period to 2011; a further 64% were in low pay in both 2001 and 2011, but had a period above the low-pay threshold in the intervening period.

Education and qualifications significantly influence progression outcomes, with more highly educated workers being more likely to progress. Employer characteristics are important: working for a large employer is associated with a higher chance of moving out of low pay. Extended periods spent working in very small firms are associated with a lower rate of progression, and working in certain low-paid sectors also reduces the chance of exiting low pay (Hurrell, 2013; D'Arcy and Hurrell, 2014). Part-time workers are also less likely to experience progression.

It is important to note that progression can take place in internal labour markets (i.e. with the same employer) or through external labour markets (i.e. moving between different employers).

Attitudes to progression

Individuals have different attitudes towards progression in work: for some, progression may be a long-term rather than short-term goal; for others it may not be a priority at all. Indeed, many low-paid workers have purely functional relationships with their jobs, with very few expectations of their employer and their own prospects in the company (Hay, 2015). The primary objective for many is to support their families (hence pay levels are important) while working in a job that fits around their lives (so highlighting the importance of flexibility and convenience). Consequently, low-paid workers may not aspire to progress, fearing that it will jeopardise their ability to work reduced hours, or will result in additional responsibilities for limited increases in pay (Devins *et al.*, 2014; Lloyd and Payne, 2012; Kumar *et al.*, 2014; Hay, 2015). However, an individual's appetite for progression is partly shaped by their workplace context and the opportunities (perceived to be) available, and can alter, should opportunities become more accessible (Ray *et al.*, 2010).

Skills policy, low pay and progression

Individuals with higher education and vocational qualifications are less likely to experience low pay (What Works Centre for Local Economic Growth, 2015; Garrett *et al.*, 2010); therefore raising skill levels can play an important role in supporting wage progression. Governments have consistently framed skills initiatives as a means of improving the labour market position of disadvantaged groups, but the adult skills budget is increasingly focused on employability and job entry for the unemployed. Meanwhile, employer support for training is heavily concentrated among those with higher skills (Blundell *et al.*, 1999). It is also clear that weak employer demand for skills and the way that skills are used in the workplace are important factors in low-wage employment (Payne and Keep, 2011; Green, 2012). Where demand for skills is low and individuals' skills are not fully utilised, productivity is undermined – and the quality of local jobs in terms of pay, job security and the possibility for career progression is limited. This indicates that it is important that demand for, and utilisation of, skills are considered as part of policy interventions.

In considering possible ways to raise demand for, and enhance utilisation of, skills, so as to raise productivity and foster in-work progression, Ashton and Sung (2011) make an important conceptual distinction between:

- a company's product market strategy – which determines in what markets the company competes (higher value-added product market strategies are positively correlated with the demand for skills); and
- a company's competitiveness strategy – which outlines how it will gain competitive advantage in the markets in which it operates.

A company's competitiveness strategy may or may not be affected by how available skills are used, but as companies move into higher value-added product and service markets, the levels of skills that they require, and the extent to which they use these skills, tend to increase. Hence an effective way of influencing the skill levels within the labour force is to target a company's product market strategy. By contrast, an effective way of altering skills utilisation is to target a firm's competitiveness strategy.

More generally, research on local skills strategies (Green, 2012; Sissons and Jones, 2014) identifies core features of policy that are of relevance here:

- **a central role for employers:** direction of some funding for public training provision through employers/employer-led sector skills councils and employer networks is likely to facilitate learning and knowledge transfer, and so increase employer demand for skills in the medium-term;
- **meeting and shaping demand for skills:** policy-makers working locally to develop/support strategies, raising demand for skills and improving skills utilisation;
- **promoting flexibility in responding to skills demand:** including provision of training that is flexible and responsive to employer needs;
- **having buy-in from stakeholders:** effective systems have buy-in from employees, trade unions and professional organisations; management training and technical assistance are important here, as more highly trained managers are more likely to facilitate more productive working environments with opportunities for in-work progression;
- **integrating policy domains:** skills policies and wider economic development policies need to be linked to address weak demand;
- **maximising use of available incentives:** including government subsidies, training levies, etc.; and
- **harnessing the power of the public sector:** through setting standards and using procurement policies to influence strategies of firms within their supply chains.

Tackling low pay and supporting in-work progression: evidence, challenges and policies

A range of interacting factors shape opportunities for (or constrain) an individual's progression once in work. These include personal and household circumstances, access to training opportunities, employers' business models and practices regarding internal promotion opportunities, firm size and sector, local labour market conditions, macroeconomic conditions, and employment and welfare policies. Hence any single initiative on its own is liable to have limited impact.

To date limited resources have been directed to addressing in-work progression. One of the few policy interventions in the recent past directed towards this issue was the Employment Retention and Advancement (ERA) Demonstration, delivered by Jobcentre Plus between 2003 and 2007, which targeted the long-term unemployed and lone parents. Adapting a programme from the US, ERA provided a mix of support for participants, including job coaching, support for skills development, and financial incentives to encourage (full-time) work retention. While ERA demonstrated positive earnings outcomes over a five-year period for the long-term unemployed group, one of the key lessons from the evaluation was that the weak employer (and sectoral) focus may have limited the overall impact of the programme (Hendra *et al.*, 2011). Hence it is necessary to address in-work progression on a number of fronts simultaneously.

A review by Green *et al.* (2015) drew the following lessons, primarily from recent US research:

- Evidence on career ladder and career pathway programmes demonstrates the potential value of establishing workforce development programmes with an emphasis on progression for particular (often growing) sectors or clusters.
- There is some evidence for a positive wage impact from training programmes, although there is tension relating to the content and balance of skills and training provision for those in work. Training that is too narrowly focused on job-specific skills is less likely to provide workers with transferable skills that can continue to benefit them in other jobs. Key elements of training programmes that are effective in facilitating progression from low pay include providing paid release for training, ensuring that low-paid workers can access training opportunities, and providing training that imparts transferable skills.
- Evidence from the US suggests the importance of a mixed strategy of support to enable individuals to progress, including careers advice and help to access wraparound support services such as childcare.
- Information, advice and guidance (IAG) can play a role in helping workers to assess the value of different qualification types and in supporting decision-making about learning and employment.
- Trade unions, in conjunction with employers, can play a role in developing opportunities for progression in the workplace, and making them more transparent to workers.
- Employer engagement in fostering progression tends to be easier where initiatives are developed to help address a specific business need, such as skills gaps or recruitment and/or retention problems, and where they are linked to a pathway of job entry, sustainability and progression. There is much less evidence on how to engage employers around the progression of those already in low-paid work.

While the current evidence base is limited, there has been an upsurge in recent years of policy interest in the issue of in-work progression, and low pay more generally, which is resulting in a range of new initiatives that should significantly strengthen the evidence base in the future. In-work progression has taken centre stage in policy as part of the welfare reform agenda, which has sought to reduce the overall welfare bill, including the amount spent on in-work benefits. The introduction of UC, being phased in up to 2017, not only changes the individual incentives for in-work progression (through altering the rate at which benefits are withdrawn as earnings rise),³ but also introduces, for the first time, conditionality for people in work to increase their earnings in order to receive benefit.⁴ To support the introduction of in-work conditionality, the UK Government is testing a range of ways to support earnings progression, including the provision of training and support to people in work, as well as employer-focused support such as changes to job design and ways to increase business productivity.

In addition to national-level pilots, in-work progression services are also being developed at a local level, reflecting the policy agenda of devolving funding to local areas to support economic growth (e.g. via City Deals/Local Growth Deals) and moves towards greater devolution of employment and skills programmes. For example, the Plymouth and South West Peninsula City Deal is testing an in-work progression service for young people, while (in England) Local Enterprise Partnerships' (LEPs') strategic responsibility for European Structural and Investment Funds (ESIF), including the European Social Fund (ESF), provides an opportunity to develop innovative skills initiatives with a focus on progression in employment.

The employer context for in-work progression is also altering in response to recent policy shifts. In July 2015, the Chancellor of the Exchequer announced the introduction of the National Living Wage (NLW) from April 2016: a new legal wage floor for employees aged 25 and over. This is initially set at 50p above the current level of the National Minimum Wage (NMW), but is intended to rise in line with average earnings, and is expected to reach over £9 per hour in 2020. Analysis suggests that 6 million workers (23% of employees) nationally will benefit as a result of the NLW in 2020, with larger effects outside London. In Yorkshire and the Humber it is anticipated that 28% of employees will see pay rises in

2020 (D'Arcy *et al.*, 2015). While having a positive impact on reducing low pay, concerns have been raised about its impact on employer practices regarding wage progression in low-pay sectors. For example, in the hospitality sector, the 'bite' of the NLW (i.e. the NLW as a proportion of the median wage) will rise to 110% in 2020. This is likely to mean in practice that the NLW will become the 'going rate' for a large proportion of employees, posing challenges for any upward pay progression (D'Arcy and Corlett, 2015).

This analysis suggests the need for a stronger policy focus on supporting skills development and progression pathways in low-pay sectors. A range of national-level initiatives spearheaded by the UK Commission for Employment and Skills (UKCES) are starting to address this. For example, the Employer Ownership of Skills agenda aims to align employer skills investments with growth potential, through providing pilot funding for employers to work collaboratively to develop initiatives to tackle sectoral or local skills needs. The UK Futures programme is developing and testing solutions to workforce development challenges, including in low-pay industries such as retail and hospitality.

Together these developments indicate increasing policy interest in:

- earnings progression in employment;
- employer involvement in the skills agenda; and
- a focus on sectoral initiatives at national and local levels.

Overall, tackling low pay and improving earnings progression remain considerable challenges, and ones that policy-makers are only in the relatively early stages of attempting to address. Several different national and local stakeholders have an interest in this issue, but it is not clear which organisation 'owns' such an agenda. At a local level, developing appropriate policies requires detailed consideration of the opportunities and constraints of the local labour market, establishing effective partnership structures to deliver the services required to support this agenda, and developing effective models through which to engage both employers and low-paid workers.

Aims of the research

The aim of this research was to develop ideas and proposals for a package of employment and skills initiatives focusing on progression from low-paid work at city-region level. The research was undertaken in the Leeds City Region (LCR)⁵ but the themes identified and the initiatives are applicable to other city-regions. Elements of the skills initiatives could be implemented in the short-term, while other elements are applicable in the medium-term (including if greater local powers and/or resources become available).

The key objectives of the research were:

- to assess the future employment requirements of sectors and occupations at entry and progression levels;
- to identify and assess challenges facing individuals and employers in the low-skill end of the labour market;
- to review national and international good practice in design, governance and delivery of local skills systems, especially those supporting progression;
- to assess current⁶ skills provision in the LCR (as an exemplar city-region), focusing on provision for those in low-paid work and in (working) poverty; and
- using the evidence-base and labour market assessment, to develop a package of progression-focused employment and skills initiatives relevant to the needs of residents and employers, encompassing short-term and longer-term change.

Although the research was conducted with a focus on circumstances in, and initiatives for, the LCR, it is worth re-emphasising that the research on labour market trends and skills, and indeed the rationale for, and content of, the proposed initiatives, have wider applicability.

Methodology

The research comprised five strands:

1. Assessment of sectors/occupations with large employment requirements at entry and progression level: this strand involved an examination of projected employment trends by sector, including desk research on understanding future labour market prospects, and a detailed review of current drivers, challenges and future employment opportunities in key sectors.
2. Synthesis/analysis of existing labour market data, focusing on the low-wage end of the labour market, including identification of gaps in intelligence: this strand reviewed LCR reports on labour market and skills trends, and involved selected supplementary analyses of secondary data sources. It also involved a selective review of literature on topics pertinent to progression in employment.
3. Review of ‘good practice’ in design, governance and delivery of local skills systems: the focus here was on identifying elements of local skills systems, specific initiatives, and policies and practices within specific sectors relevant to engendering improvements in job quality or progression for low-wage workers. The review was international in scope, covering the academic and grey literature, and was undertaken on a systematic basis using key search terms.
4. Mapping and assessment of LCR skills provision, with emphasis on provision pertinent to progression from low-wage employment: this strand involved interviews with key stakeholders (including training providers and labour market intermediaries) in the LCR to gain insights into existing information and intelligence sources, and recent, current and planned skills initiatives. This was supplemented by analysis of selected data sources (focusing on the LCR), designed to assess whether and how current provision responded to the needs of LCR residents in low-wage work at risk of poverty.
5. Developing and testing ideas and proposals for a package of employment and skills initiatives, for current practice and for a longer-term strategic approach in the LCR, through engagement with local stakeholders: this involved consulting with local stakeholders in the LCR to co-design possible initiatives to facilitate earnings progression. In the first instance, a Skills Policy Development Group meeting was held at which a range of potential initiatives were discussed. From this meeting, four topics were identified for more detailed discussion at workshops involving smaller, more focused groups of stakeholders. On the basis of these discussions, and further feedback from relevant stakeholders, a package of three proposed initiatives was developed.

Structure of the report

The remainder of the report is divided into three sections.

Chapter 2 sets out the labour market, sectoral and policy context for in-work progression. It begins by providing an overview of employment trends in the UK and the LCR, and identifies ‘growth sectors’. It sets out patterns of pay by sector and associated implications for progression. Key features of employment and skills trends by selected sectors are identified, including sectors associated with high value-added (and identified as priority sectors in the LCR) and large employment sectors with high volumes of low-paid workers. Exemplar sectoral policy initiatives (drawing on the national and international evidence base) are presented. Finally, key features of skills provision and an outline of key relevant policy initiatives in the LCR are outlined.

Chapter 3 presents proposals for a package of policy initiatives for the LCR. First, the methodology for selecting the three policy initiatives presented is set out and the way that the individual initiatives link together is outlined. The first initiative is concerned with careers IAG, with a view to fostering in-work progression. In the second initiative, the centrepiece is a proposal for an in-work progression service. Two approaches are outlined: an advancement service for individuals, and a sectoral-based approach focusing on employers. The third initiative focuses on a business support service to facilitate enhanced opportunities for part-time workers. In each case, the background to the initiative is set out, before the practical details of how it might be implemented are discussed. The chapter concludes with a brief overview and next steps regarding possible implementation.

Chapter 4 discusses implications for local stakeholders (generically and specifically in the LCR) and future considerations.

2 The labour market, sectoral and policy context for in-work progression

This chapter provides an overview of selected labour market issues of relevance to in-work progression initiatives, bringing together evidence at national and sub-national levels. It begins by providing an overview of projected employment trends. It then outlines patterns of pay, concentrating on levels of pay across sectors and dispersion of earnings within sectors, since these features are important for earnings progression possibilities. Given evidence suggesting that a sectoral focus can be beneficial in shaping and delivering policy interventions, the following section provides evidence on employment trajectories, drivers of change, core labour market issues and interventions aimed at improving access, job quality and progression by sector. Finally, key features of current skills provision and an outline of key relevant policy initiatives in the LCR are outlined. This material helps to set the context for the package of initiatives presented in Chapter 3.

Overview of future employment trends

Introduction: projections and key concepts

A key source of information on projected future employment trends by sector and occupation is Working Futures (Wilson *et al.*, 2014), which draws on a macroeconomic model to provide medium-term projections of employment. In terms of projected employment change, Working Futures distinguishes between:

- **expansion demand:** projected net change in employment over the projection period (in this case 2012–2022); and
- **replacement demand:** employment openings arising because of the need to ‘replace’ workers due to labour turnover (notably retirements, but also occupational and geographical mobility).

This means that even in a sector/occupation where employment levels are projected to remain constant or decrease over the projection period, exits from that sector/occupation can still result in a relatively large replacement demand.⁷ Overall, in any particular sector/occupation, the ‘net requirement’ is the sum of expansion and replacement demand.

Projected employment change by sector

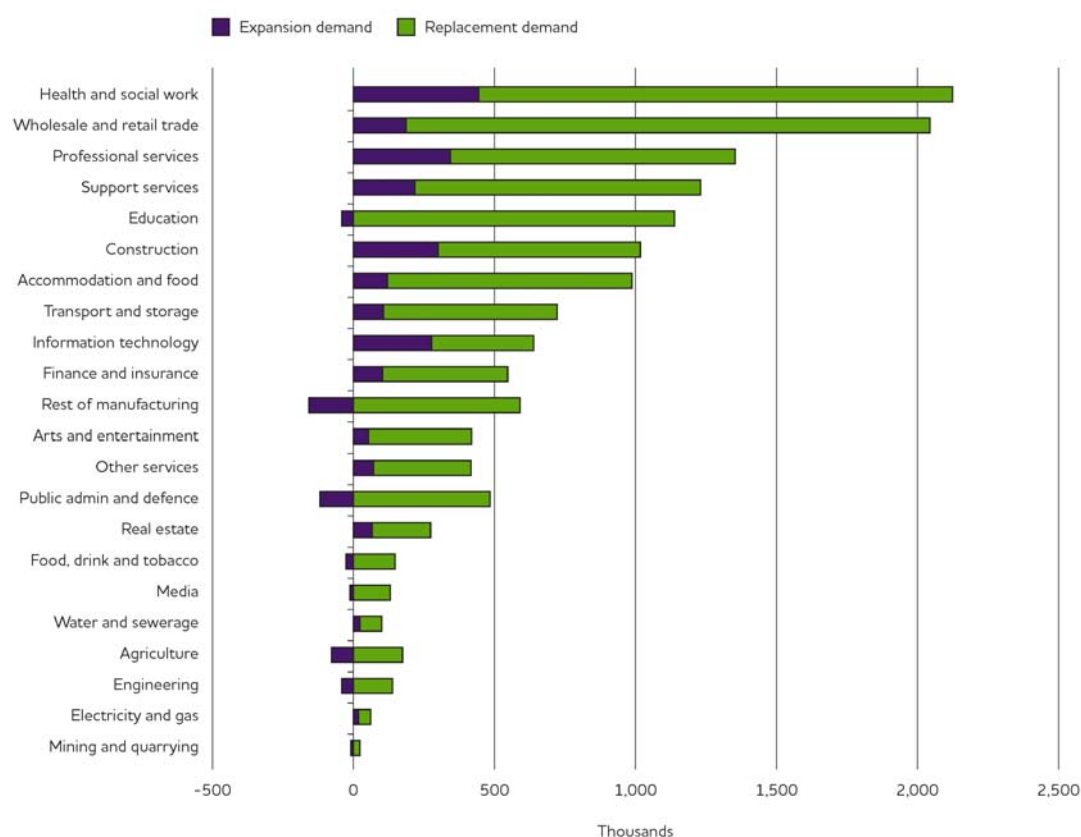
Estimates of expansion demand, replacement demand and net requirements were derived at UK level for seven sectors of particular policy interest⁸ (see column 1 in Table 1) encompassing: a mix of sectors with large shares of workers in low pay – including retail, hospitality and social care; high value-added sectors – including financial and professional services and manufacturing (some parts of which are associated with high value); and other sectors with contrasting employment profiles – such as construction and transport and logistics. Columns 2 and 3 in Table 1 show the sectors and sub-sectors for which Working Futures data are available, representing the ‘best fit’ to the sectors of particular interest in column 1.

Table 1: Sectors of interest and mapping to Working Futures sectors, UK

Sectors of interest	'Best fit' to Working Futures 22-sector breakdown	Other sub-sectors of interest (for which Working Futures projections are available)
Retail	Wholesale and retail trade	Retail trade
Hospitality	Accommodation and food services	–
Social care	Health and social work	Residential care
Construction	Construction	–
Transport and logistics	Transport and storage	–
Financial and professional services	Professional services Finance and insurance	–
Manufacturing	Engineering Rest of manufacturing	–

Figure 2 provides an overview of expansion and replacement demand disaggregated into 22 sectors covering the whole of the economy at UK level. In all sectors, the net requirement over the projection period is positive, and replacement demand exceeds expansion demand in absolute terms. The largest absolute net requirements are in the health and social work, and wholesale and retail trade sectors, followed by professional services. Accommodation and food services, and construction are also characterised by positive expansion and replacement demand. In engineering, the size of the net requirement is relatively modest in absolute terms, in comparison with many of the services sectors.⁹

Figure 2: Expansion and replacement demand by 22 sectors, 2012–2022, ranked by absolute net requirement, UK



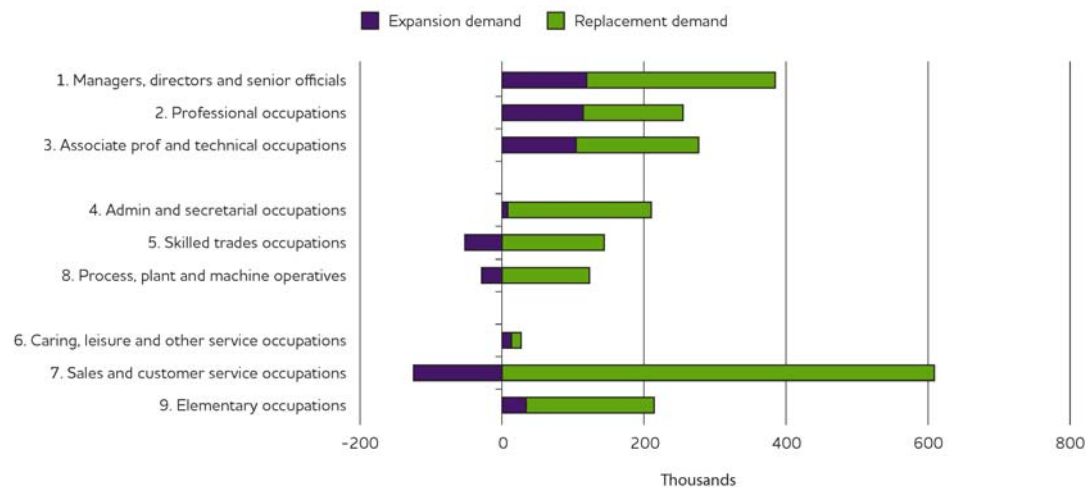
Source: Working Futures

Projected change in occupational employment by sector

Figures 3–13 show the occupational profile of expansion demand and replacement demand at the Standard Occupational Classification (SOC) Major Group level for each of the sectors identified in Table 1. The occupations are grouped into the categories ‘high pay’ (SOC Major Groups 1–3), ‘intermediate’ (SOC Major Groups 4, 5 and 8) and ‘low pay’ (SOC Major Groups 6, 7 and 9), following Clayton *et al.* (2014). This illustrates the projected patterns of employment change by occupation within sectors, which have implications for progression opportunities within a sector.

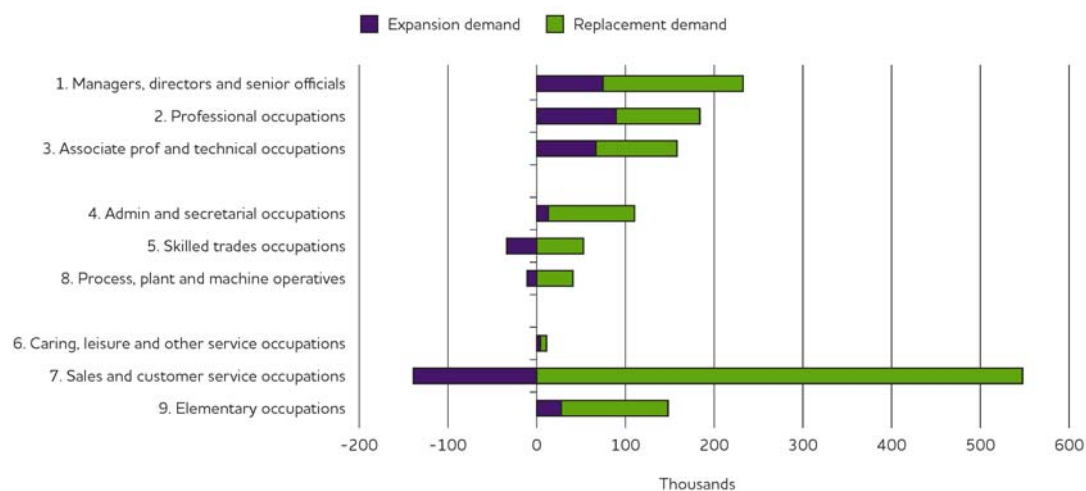
In the case of the wholesale and retail trade (Figure 3) and the retail sub-sector (Figure 4) the net requirement is greatest in high pay and low pay occupations, whereas projected requirements in intermediate pay occupations are more limited. This suggests constraints to opportunities for progression between low pay and high pay occupations. The greatest projected absolute net requirement is in sales and customer service occupations.

Figure 3: Occupational profile of expansion demand and replacement demand, 2012–2022: wholesale and retail trade



Source: Working Futures

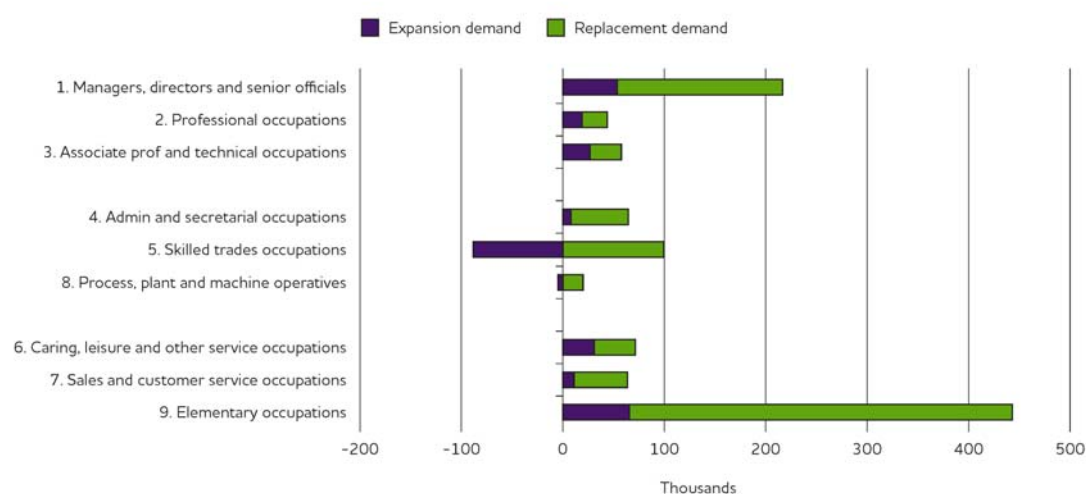
Figure 4: Occupational profile of expansion demand and replacement demand, 2012–2022: retail trade



Source: Working Futures

In accommodation and food services (i.e. hospitality, Figure 5), the largest net requirement is in low pay occupations. The dominant category here is elementary occupations. The next largest projected absolute net requirement is for high pay occupations, notably managerial staff. Again the projected net requirement for intermediate occupations is limited, with positive replacement demand for skilled trades occupations just exceeding projected negative expansion demand.

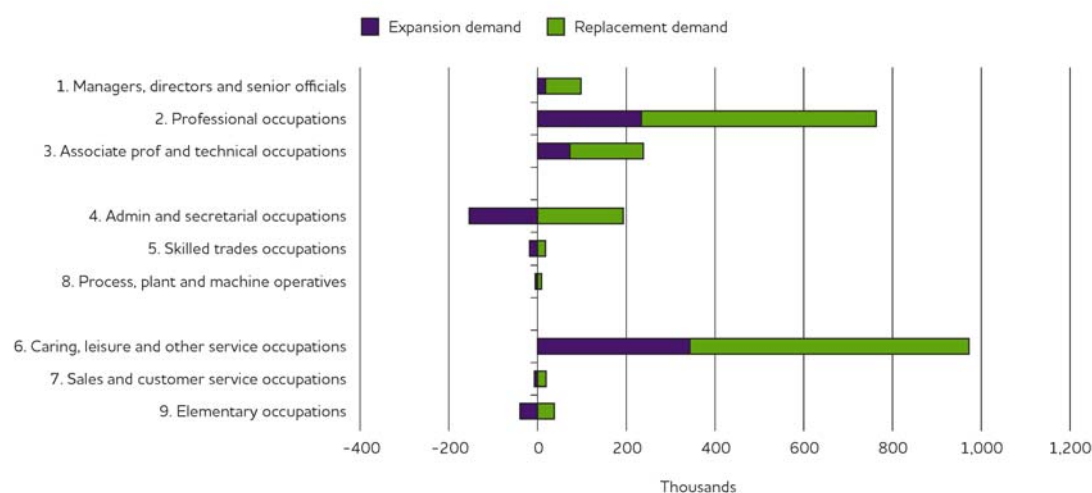
Figure 5: Occupational profile of expansion demand and replacement demand, 2012–2022: accommodation and food services



Source: Working Futures

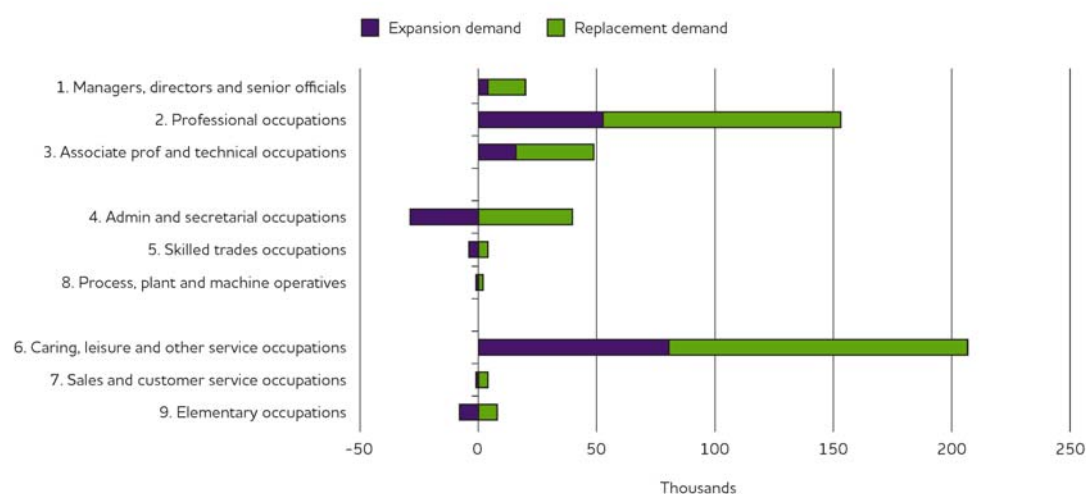
The health and social work sector (Figure 6) and the residential care sub-sector (Figure 7) are also characterised by a bipolar pattern of projected occupational change, with the greatest net requirements in high pay occupations (notably professional occupations, but also associated professional and technical occupations) and low pay occupations (where caring, leisure and other service occupations are dominant). In intermediate pay occupations, employment is projected to remain fairly stable.

Figure 6: Occupational profile of expansion demand and replacement demand, 2012–2022: health and social work



Source: Working Futures

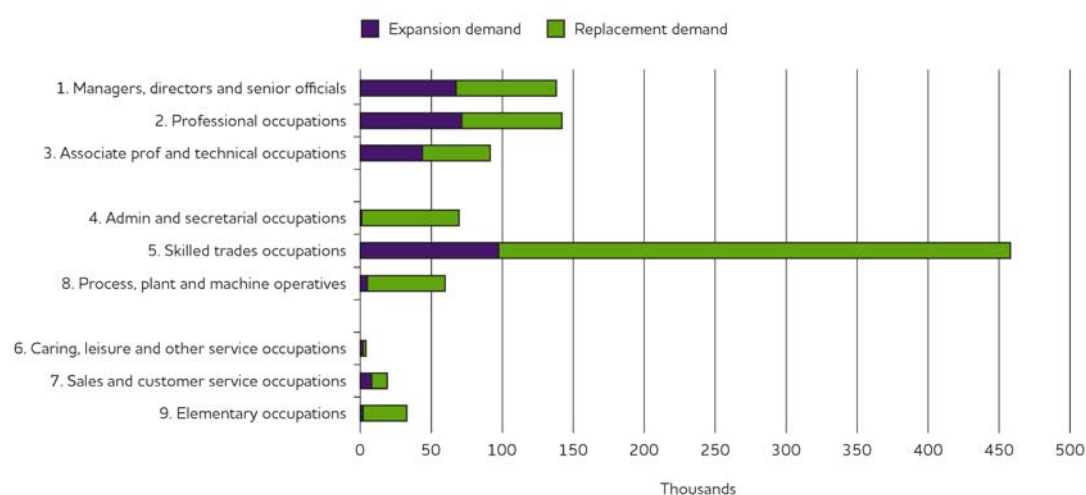
Figure 7: Occupational profile of expansion demand and replacement demand, 2012–2022, UK: residential care



Source: Working Futures

In construction (Figure 8), the greatest projected net requirement is in intermediate pay occupations, where skilled trades occupations dominate. Employment increases are projected in all high pay occupations, too. By contrast there is only a modest projected net requirement in low pay occupations.

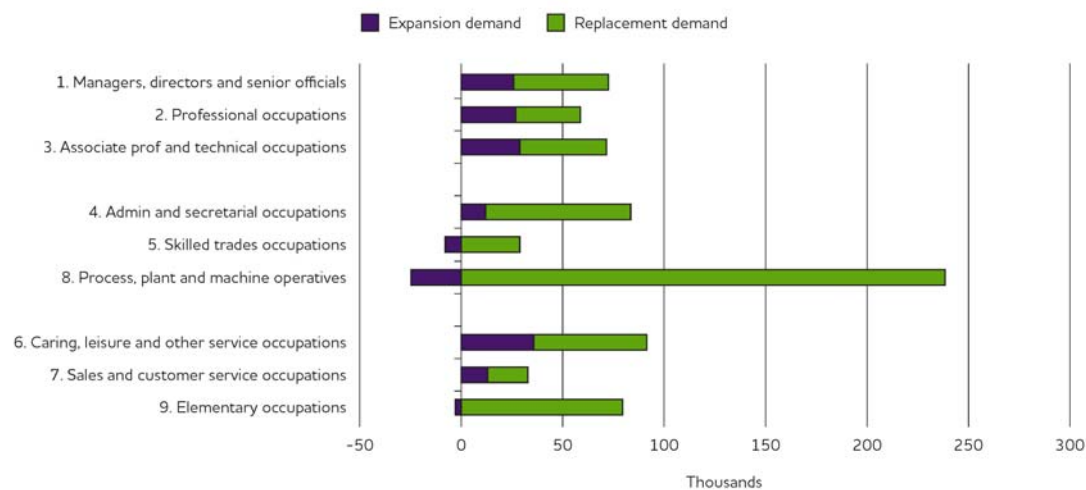
Figure 8: Occupational profile of expansion demand and replacement demand, 2012–2022, UK: construction



Source: Working Futures

Likewise in transport and storage (Figure 9), the greatest projected net requirement is in intermediate pay occupations, although in this instance process, plant and machine operatives (associated with lower skills levels than skilled trades occupations) is the dominant occupational category.

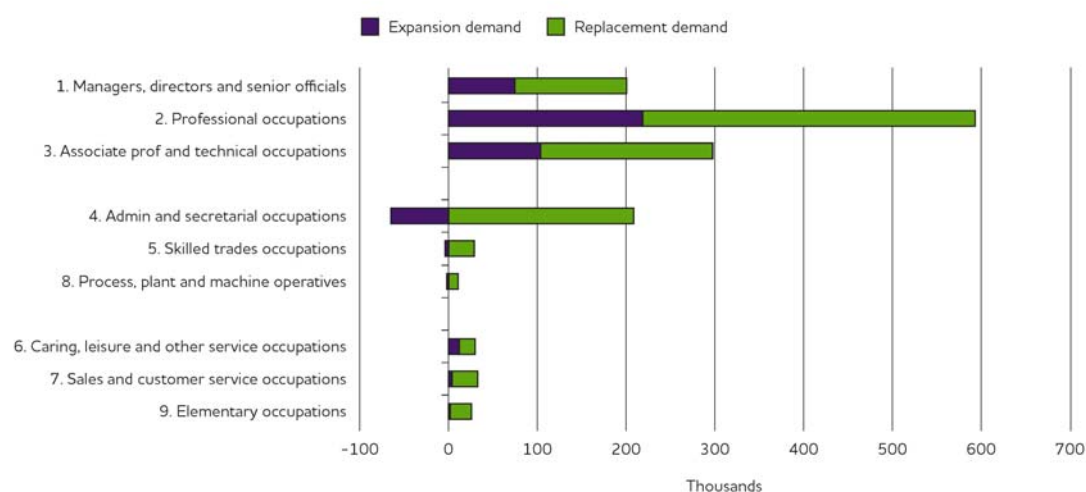
Figure 9: Occupational profile of expansion demand and replacement demand, 2012–2022, UK: transport and storage



Source: Working Futures

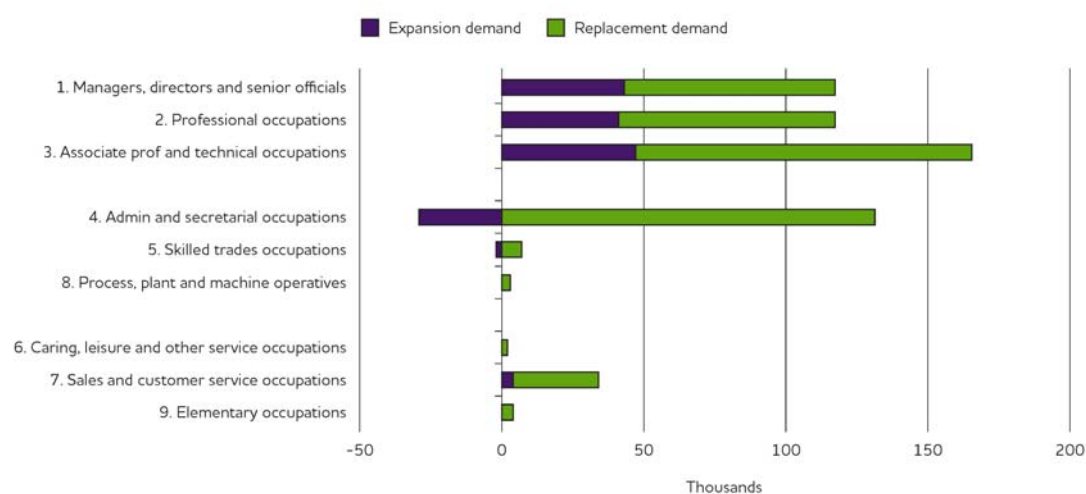
In the case of professional services (Figure 10) and finance and insurance (Figure 11), high pay, high-skilled occupations dominate projected net requirements over the period from 2012 to 2022. Outside the high pay occupations, the next largest requirement is for administrative and secretarial occupations, where replacement demand is comparatively high (although there is a net contraction in total employment). Projected employment change in low pay occupations is relatively modest.

Figure 10: Occupational profile of expansion demand and replacement demand, 2012–2022, UK: professional services



Source: Working Futures

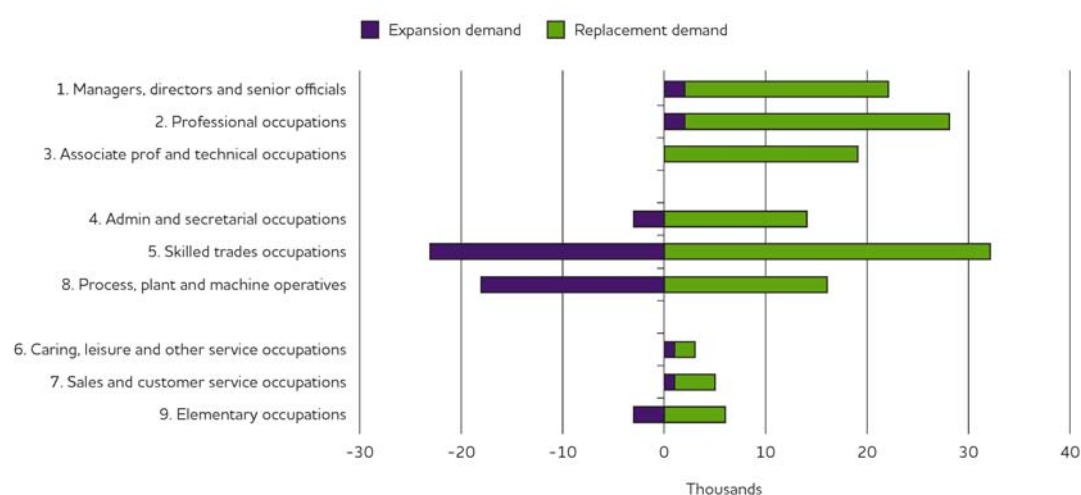
Figure 11: Occupational profile of expansion demand and replacement demand, 2012–2022, UK: finance and insurance



Source: Working Futures

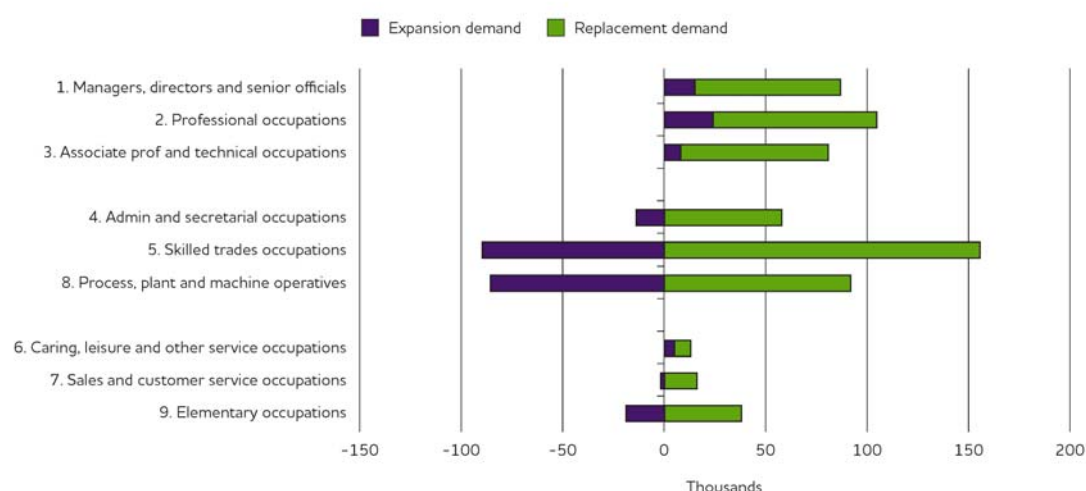
Similarly in the case of engineering (Figure 12) and the rest of manufacturing (Figure 13), high pay, high-skilled occupations dominate projected net requirements over the period. The next largest projected net requirements are for the intermediate pay occupations, notably skilled trades occupations, and process, plant and machine operatives. For elementary occupations, projected expansion demand is negative, but the overall net requirement is positive, indicating openings at entry level and therefore potential opportunities for progression.

Figure 12: Occupational profile of expansion demand and replacement demand, 2012–2022, UK: engineering



Source: Working Futures

Figure 13: Occupational profile of expansion demand and replacement demand, 2012–2022, UK: rest of manufacturing



Source: Working Futures

Occupational projections

At city-region scale, analyses of more detailed occupational data from Working Futures for the LCR (Kumi-Ampofo and Woolley, 2014) show that the six occupations with the largest net requirements in the period from 2012 to 2022 are caring personal service occupations (79,000), administrative occupations (58,000), corporate managers and directors (57,000), business and public service associate professionals (52,000), business, media and public service professionals (45,000), and elementary administration and service sector occupations (Table 2). This list includes occupations associated with low pay levels (e.g. caring personal service occupations, and elementary administration and service sector occupations) and with high pay levels (e.g. corporate managers and directors, and business and public service associate professionals). All of these occupations are characterised by positive replacement demand, but in administrative occupations and elementary administration and service sector occupations, projected expansion demand is negative. This illustrates how even in occupations where a decline in employment is projected, there can be a sizeable net requirement for labour and skills.

Table 2: Occupations with the largest projected future demand requirements in the LCR

Occupation	Employment, 2012 (000s)	Expansion demand, 2012–2022 (000s)	Replacement demand, 2012–2022 (000s)	Net requirement, 2012–2022 (000s)
Caring personal service occupations	107	29	49	79
Administrative occupations	153	-5	64	58
Corporate managers and directors	94	21	36	57
Business and public service associate professionals	72	16	36	52
Business, media and public service professionals	126	14	31	45
Elementary administration and service sector occupations	54	-3	46	44

Source: Kumi-Ampofo and Woolley (2014)

Summary

- Medium-term employment projections by sector indicate that the largest net requirements are in health and social work, and in wholesale and retail trade.
- In general, future employment demand is concentrated in lower-skill occupations associated with low pay and higher-skill occupations associated with high pay. Less demand at intermediate occupational levels could constrain progression.
- But there are some important differences in projected employment by sector. For example, in hospitality the largest projected net requirement is in elementary occupations, whereas in engineering, professional services, and finance and insurance, the largest projected increases are in high-skill, high pay occupations.

Patterns of pay by sector and implications for progression

This section examines patterns of pay in different sectors using data from the Annual Survey of Hours and Earnings (ASHE). Data is presented in the form of wages at percentiles, giving a measure of pay dispersion in each sector. It also provides some indication of what the financial benefits of advancement might be; for example, the wage benefit of moving from the tenth to the twentieth percentile can be compared across sectors.

ASHE is based on a 1% sample of employees. The robustness of the estimates is assessed with reference to the coefficient of variation (CV), which is published alongside the wage estimates.¹⁰ Table 3 uses a measure of hourly wages to assess intersectoral differences for the Yorkshire and the Humber region. Four sectors – retail, accommodation and food service activities, residential care, and arts, entertainment and recreation – stand out as having values below the national median in terms of hourly wages. In contrast to the Yorkshire and the Humber median of £10.58 in 2013 (UK value: £11.59), the median wage in retail was £7.32 (UK value: £7.50); in accommodation and food service activities it was £6.40 (UK value: £6.62); and in residential care it stood at £7.21 (UK value: £7.80). In all these sectors in

Yorkshire and the Humber, the median hourly wage rates were below the level of the 2013 Living Wage (£7.65).

The very low wage rates of the lowest earners are highlighted. For example, the hourly wage at the tenth percentile in Yorkshire and the Humber for those working in retail was £6.19, in accommodation and food service activities it was £5.20, and in residential care it was £6.19. By way of a benchmark, in each case these wage rates are lower than the adult minimum wage rate in 2013.¹¹

Table 3: ASHE estimates of gross hourly wages (£) by sector – Yorkshire and the Humber, 2013

	Percentile								
	Median	10	20	30	40	60	70	80	90
All employees	10.58	6.44	7.25	8.18	9.29	12.29	14.45	17.37	22.23
Agriculture, forestry and fishing	8.00	x	7.02	7.49	7.83	8.65	10.54	x	x
Mining and quarrying	x	x	x	x	x	x	x	x	x
Manufacturing	11.71	7.09	8.16	9.26	10.47	13.21	15.07	17.30	21.65
Electricity, gas, steam and air-conditioning supply	15.37	9.31	10.05	12.03	13.48	18.49	22.38	x	x
Water supply, sewerage, waste management and remediation activities	12.80	7.79	8.68	9.81	11.27	14.68	17.25	x	x
Construction	12.34	8.16	9.68	10.52	11.53	13.66	15.20	17.55	x
Wholesale and retail trade; repair of motor vehicles and motorcycles	8.20	6.22	6.57	6.90	7.43	9.11	10.35	12.48	16.89
Retail trade, except of motor vehicles and motorcycles	7.32	6.19	6.41	6.66	6.90	8.06	8.97	10.35	13.76
Transportation and storage	10.28	7.65	8.60	9.26	10.03	11.42	12.80	15.47	19.83
Accommodation and food service activities	6.40	5.20	x	6.19	6.20	6.72	7.38	8.50	10.81
Information and communication	13.80	6.87	8.28	10.09	12.03	15.77	17.10	21.20	x
Financial and insurance activities	12.96	8.48	9.39	10.27	11.54	15.71	18.10	22.04	28.62
Real estate activities	11.59	7.39	8.15	9.46	10.45	12.75	13.66	15.09	x
Professional, scientific and technical activities	13.42	7.29	8.40	10.07	11.49	14.99	17.28	20.48	x
Administrative and support service activities	7.81	6.19	6.30	6.82	7.30	8.66	10.05	12.56	x
Public administration and defence; compulsory social security	14.37	9.17	10.03	12.02	13.16	15.61	17.13	18.70	20.74
Education	12.12	6.90	7.79	8.75	10.16	14.29	17.02	20.91	25.99
Human health and social work activities	11.23	6.61	7.64	8.58	9.73	13.18	15.07	17.82	21.66
Residential care activities	7.21	6.19	6.30	6.45	6.83	7.73	8.52	10.12	x
Arts, entertainment and recreation	7.92	6.19	6.26	6.74	7.22	8.59	9.58	11.55	x
Other service activities	8.65	6.19	6.31	7.07	7.96	9.93	11.00	x	x

Key:

□ CV ≤ 5%	x = unreliable
■ CV > 5% and ≤ 10%	. = disclosive
■ CV > 10% and ≤ 20%	: = not applicable
■ CV > 20% or unavailable	- = nil or negligible

Source: ASHE, Office for National Statistics

The compressed nature of the wage distribution in these sectors is also apparent. In the retail and residential care sectors in Yorkshire and the Humber, the difference between wages at the tenth

percentile and the fortieth percentile is under 75p per hour (at the UK level the difference is slightly greater, but still less than £1 per hour). This compression means that there are relatively limited increases in hourly pay for an individual moving from the tenth percentile to higher pay percentiles closer to the median (although of course the overall effect on earnings would vary by hours and would be larger for those working full-time).¹²

Sectoral perspectives and implications for progression

The focus of this section is on evidence about progression from low pay and relevant initiatives aimed at improving outcomes in seven sectors: retail, hospitality, social care, construction, transport and logistics, financial and professional services, and manufacturing.

The material presented draws on a systematic search of the national and international academic and grey literature covering, for each sector, the size and characteristics of employment, drivers of future change, core employment issues, challenges and opportunities for progression, and sectoral initiatives/programmes that are relevant to progression from low pay.

Overall, there is only limited evidence on interventions specifically focused on progression at the sector level. This mirrors a broader paucity of robust evidence on what works in improving progression outcomes for low-paid workers. Previous analysis has found that while there is a reasonable evidence base for programmes targeted at employment entry, for work retention and progression the quantity and quality of the evidence is much more limited (Green *et al.*, 2015). In part this reflects the relative focus and balance of public funding towards policy interventions at the job entry stage. An indicative assessment of the evidence base relating to different stages of an employment pathway is presented in Figure 14.

Figure 14: Indicative evidence map of different stages of an employment pathway



Source: Green *et al.*, 2015

Given the relative lack of robustly evaluated programmes, the initiatives/practices reviewed here are presented as offering potentially useful ideas/lessons that can be developed and modified (and subsequently evaluated) at local level.

Employment trajectories, drivers of change and interventions aimed at improving access, job quality and progression by sector

Table 4 compares the growth trajectories, drivers of change, barriers to entry, progression prospects, implications for skills policy and other considerations influencing in-work progression by sector. In the three sectors characterised by low pay (retail, hospitality and social care), there is projected employment growth but progression prospects are limited. By contrast, transport and logistics, and construction offer moderate progression prospects, alongside projected employment growth. Progression prospects in manufacturing are moderate also, but coupled with stable employment. For financial and professional services, there are good progression prospects and a high growth employment trajectory, but barriers to entry are high. The mix of core drivers of change varies, so demonstrating a need for some sectoral specificity in policy.

Table 4: Summary of key trends and issues by sector

Sector	Employment growth trajectory (medium-term)	Drivers of change	Barriers to entry	Progression prospects	Implications for skills policy	Other considerations
Retail	Modest employment growth projected to be concentrated in higher-skilled occupations. Replacement demand is large for sales and customer service positions.	Automation will continue to displace some shop floor roles. Greater use of IT will permeate across the sector. Customer preferences are towards more personalised services.	Low barriers to entry and often not dependent on formal qualifications.	Typically a low progression sector and high turnover. Career progression often does not yield pronounced wage progression.	Formal qualifications may not support access to better jobs within the sector. 'Attitude' a key consideration in recruitment. Prevalence of part-time and contingent work are a challenge in creating 'learning workplaces'.	Core customer service/customer-facing skills are transferable to other low barrier to entry sectors.
Hospitality	Relatively strong employment growth is projected.	Growth in online customer relationship management. Customer preferences for 'experiences' and higher standards of service.	Low barriers to entry and often not dependent on formal qualifications.	Largely a low progression sector and high turnover.	The sector is heterogeneous so sector-wide skills policies are difficult to design. Fragmented employment structure and weak training provision are core issues. Need to focus on career ladders as well as skills.	There is a wide diversity of occupations/ job roles across the sector, which could provide greater opportunities for skills acquisition/ progression with employer/HR process support
Social care	Relatively strong employment growth is projected.	Greater integration of health and social care. New technologies. Constraints to public funding. New regulations.	Low	Typified by high turnover.	Focus on expanding qualifications has not generated consequent changes in HR practices and internal labour markets. Addressing weak HR practice, management and weak career ladders is a core challenge.	Potential opportunities will be created by greater integration of health and social care, and some evidence of programmatic interventions in this area.
Construction	Employment growth linked to cyclical recovery, projected to be large. Significant replacement demand.	New technologies, materials and building processes.	Medium	Apprenticeships are widely used. Relatively little known about in-work progression.	Employment structure of the sector, in particularly high incidence of self-employment and short-term nature of contracting, creates challenges for skills policy.	Local procurement helpful in recruitment and access to apprenticeships.

Continued...

Sector	Employment growth trajectory (medium-term)	Drivers of change	Barriers to entry	Progression prospects	Implications for skills policy	Other considerations
Transport and logistics	Growth expected.	Information technology. New value-added activities. Environment and resources.	Medium	Low turnover. Relatively little evidence on career pathways and these will vary by sub-sector.	Employment is concentrated in lower-skilled occupations. Upskilling and reskilling for routine occupations is a concern.	This is a diverse sector with large numbers of small firms. Use of contract workers to meet fluctuations in demand.
Financial and professional services	Significant new growth and replacement demand.	Technology. Regulation (particularly in financial services). Demographic change.	Generally high, but varies by sub-sector and occupation.	Generally high waged sector, but less known about progression routes from low pay.	Formal qualifications are important. Key question about extent to which, and how, workers in low-paid occupations can access opportunities to develop skills to progress.	Low-paid and low-skilled occupations make up a comparatively small proportion of employment in the sector.
Manufacturing	Projected employment decline (although differences across sub-sectors).	Technology. International competition.	Medium	Apprenticeships widely used. Some sub-sectors have significant low pay.	Managing transition of displaced workers in new jobs. Ensuring availability of skills to meet replacement demand needs.	Wide variation in sector, and in product market and competitiveness strategies, influencing prospects for progression.

Retail

Historically there have been low barriers to entry into retail, and the sector employs many young people during their early transition stages into the labour market (Mosley *et al.*, 2012). The sector has a comparatively high proportion of part-time work, as well non-standard hours of work (Nickson *et al.*, 2012). Employer investment in training is generally lower in retail than in many other sectors (UKCES, 2012a). There is extensive training infrastructure within the sector and larger retailers often have highly structured training programmes in place (Carre *et al.*, 2008); however these can be quite narrow, and opportunities for wider learning and development opportunities for employees are often limited (Roberts, 2013). Job design also tends to be narrow, which can serve to limit skills acquisition (UKCES, 2014a). Within retail, internal recruitment is often commonplace for higher skilled or managerial roles; however the routes for progression are not always clear. High turnover of employees is a challenge for the sector and adds to employer costs.

There are several key drivers of change in the retail sector, including technology, market strategies, enhanced customer service and demographic change. Information and communications technology (ICT) will become an increasingly important factor in the work process (in both customer-facing and behind the scenes roles) (UKCES, 2014b; BIS, 2013; Mosley *et al.*, 2012).

In retailing, the main focus of initiatives has been on linking local unemployed people to jobs in new stores, the provision of pre-employment training and apprenticeships, with the latter linking to progression (Green *et al.*, 2015). New approaches are being tested in the UK Commission for Employment and Skills' UK Futures Programme.¹³

Devins *et al.* (2014) examined progression practices at the **Pets at Home** chain. At store level, the employment structure comprises colleagues, assistant managers, deputy manager and store manager. When recruited, all employees join an internal development and progression programme ('Steps'), completion of which is linked to pay increases (albeit these are modest). Stores undertake annual 'succession and progression plans', supported by continuing professional development (CPD) activities. This example illustrates a company in a low-wage sector developing progression approaches outside of public policy programmes.

Based on exemplar retailers in the USA, Zeynep (2014) has outlined the 'Good Jobs Strategy'. She argues that implementing a package involving offering fewer products and promotions, combining standardisation with empowerment of employees, cross-training so that employees have functional flexibility, and over-staffing to enable employees to be involved in continuous improvement, allows retailers to deliver 'good jobs' (with decent pay and benefits, and stable work schedules) to employees, good service to customers and strong returns to investors.

Hospitality

The hospitality sector has low barriers to entry but experiences high rates of turnover. It has a relatively high reliance on students and temporary work; seasonality is also an issue in parts of the sector (Marchante *et al.*, 2006; People 1st, 2011). The workforce overall is relatively low qualified (UKCES, 2012b); training tends to be job specific, with less evidence of development of transferable skills (Marchante *et al.*, 2006). Key issues within the sector include the need to improve progression in the workplace and increasing the effectiveness of training (UKCES, 2012b). The sector experiences a lack of perceived professional standing compared to other industries, and research suggests a culture of training avoidance in many firms (Lashley, 2009).

Drivers of change in the sector include technology, demand for higher standards of customer services, and sub-sector specific issues. The increased use of technology is impacting on skills and productivity in a number of ways, including through the increasing use of online modes for training; new platforms for customer relationship management; and the introduction of new front of house technologies, food preparation and cooking technologies (People 1st 2011). Customer preferences are also shifting to be more 'experience driven' (UKCES, 2012b).

In Germany, apprenticeships play a key role in hospitality. One example is the **Hotelhausfrau/Mann apprenticeship programme**, which offers a training package across all hotel departments on a rotational basis, including book-keeping, reception, and food and beverages (Baum, 2002). The variety of job roles within the sector offers opportunities for vertical and horizontal progression.

In the US, the **Restaurant Opportunities Centers United (ROC)**, a national restaurant sector partnership, has helped support progression of low-wage workers (Jayaraman, 2014). ROC brought together restaurant owners in several cities to set out formalised career ladders. A multi-pronged approach to improving worker conditions and increasing opportunities for progression included provision of legal support for workers facing exploitation; promoting 'high road' approaches to restaurant owners (i.e. competing on the basis of quality and innovation, rather than cost); and supporting employer partnerships, workforce development, and co-operative restaurant ownership.

The Spirit Company, a hospitality group managing pubs with around 16,000 staff, has focused on developing clear internal progression routes, from entry to general and district manager (Devins *et al.*, 2014). Progression routes are embedded with qualifications and technical routes, and supported by developmental milestones.

A key factor in fostering routes to progression is committed leadership and management. An example is **McDonalds**, where the approach to learning and progression is championed by top management, encouraged by those in supervisory positions, and supported by a suite of customised, accredited qualifications, and a range of processes and practices to support progression, such as 'Our Lounge' – an e-portal providing access to a range of practical guidance (UKCES, 2012c).

Social care

The social care sector encompasses residential nursing care, residential care facilities for the elderly, children and those with disabilities, child day care, and non-residential social care. Estimates suggest that two-thirds of frontline care workers in social care are paid below the Living Wage (Gardiner and Hussein, 2015). The employment structure of the adult social care sector is skewed towards small organisations. The sector has an estimated turnover rate of around a quarter, 58% of leavers exit the sector altogether (Skills for Care, 2015), and there is a long-term reliance on migrant labour to meet recruitment needs. The sector is characterised by relatively weak HR and management, as well as organisational structures that inhibit workforce development and individual prospects for progression (Philpott, 2014; Gospel and Lewis, 2011).

An important driver of the projected employment growth in the sector relates to demographic and health trends associated with the ageing population (UKCES, 2012d; Simonazzi, 2009). Other drivers that are shaping changes in care provision and delivery include regulation and the role of new technologies (such as the increased use of assistive living technology, and new channels of delivery such as telecare) (Eurofound, 2013). The most significant challenge faced by the sector, however, is in relation to meeting increasing demand during a period of constrained financial resources (UKCES, 2012d).

United Response, a national charity supporting people with disabilities, has established a competency framework for employee roles to help identify candidates for progression (Devins *et al.*, 2014). Line managers assess workers' qualifications, informal learning, attitudes and behaviours against the competency framework. Apprenticeships are used as a progression route to a senior support worker role. The approach taken is cost-effective, and is reported to help reduce labour turnover and improve the quality of the service provided.

The **Massachusetts Extended Care Career Ladder Initiative** project aimed to reduce worker turnover in care positions in nursing homes by improving worker skills and developing opportunities for progression (Duke *et al.*, 2006, reported in Sissons and Jones, 2014). Grants were made to partnerships of nursing homes and community colleges to fund training, and the development of career ladders focused on progression from lower-level jobs to nursing roles. The initiative supported in excess of 5,500 nursing home staff, the majority being women in low-paid jobs.

In Norfolk and Suffolk, **Foundation Degrees** have been used as a tool to improve professional development opportunities and career development for social care staff, by upskilling them to carry out some procedures undertaken by community nursing services. A partnership comprising Skills for Health, Foundation Degree Forward, University Campus Suffolk and MOVE Lifelong Learning Network devised a Foundation Degree to enable care staff to become qualified to offer nursing care. The provision was offered through a mixture of work-based and theoretical learning, with the learning providing credit accumulation to ensure long-term viability and validity.

Other examples have demonstrated the possibilities of employers developing career ladder/pathways for low-income groups in the broader healthcare sector, for example Krismer (2014) on **Health Careers Collaborative of Greater Cincinnati**. This indicates a need to consider mobility between sectors as a route to advancement (such as between social care and health), as well as within the social care sector.

There is emerging practice around job quality more widely in the social care sector in the UK. For example, Islington Council has recommended that the majority of its social care providers sign up to a Living Wage. Citizens UK have launched a drive for a Living Wage in the social care sector, as part of a **Charter of good practice for care providers and commissioners**,¹⁴ encompassing proper training, care by the same individuals and a minimum standard of 30 minutes for home care visits.

Construction

The construction sector is characterised by high levels of self-employment. Drivers of change will include the influence of new technologies, the call for more 'green' construction and the growth in offsite construction. It is expected that the growth of digitisation will have an impact on employment and skills within the sector. Increased technical demands of trade and craft jobs (for example in ICT, renewable energy technologies and home automation) will require new worker skills around installation, maintenance and repair (Vokes and Brennan, 2013).

The **Emerald Cities Collaborative (ECC)** is a US example of a workforce intermediary programme designed to link disadvantaged groups to careers in the green building sector, which includes diverse job roles (Fairchild, 2014). The programme utilises the growth of green construction, infrastructure and energy to engage employers. The ECC is a partnership of businesses, unions, community organisations, and research and technical assistance providers, and has created apprenticeship routes connecting participants to quality training and long-term career opportunities. It provides funding, project management, training and certification, infrastructure development assistance and a local hire planning service. This example highlights the importance of partnership working to develop the funding, expertise, employer and worker engagement, and training development needed to make these types of programme function effectively.

Many construction initiatives have focused on sector entry rather than progression (although apprenticeships are an important component of training in the sector). One example of this is the **Construction JobMatch** scheme that operated in Sheffield between 2001 and 2004 (Winkler, 2007), in which Sheffield City Council worked with construction companies, local communities and training providers to enhance access to the sector. Models such as this, focusing on job entry, might provide examples that can be extended to create progression pathways, too.

The work of the **Wisconsin Regional Training Partnership** is an example of a robustly evaluated, sector-based programme (Maguire *et al.*, 2010) that has been found to have positive wage effects. The construction programme was aimed at matching workers to 'good jobs' in the sector. It provided a mixture of pre-employment training, including certification and employability skills, and a mixed package of support including around post-employment retention. An important factor in the programme's success has been effective engagement with employers and the detailed knowledge of the sector by the provider organisation.

Transport and logistics

Transport and logistics comprises five subsectors: land transport and transport via pipelines; water transport; air transport; warehousing and support activities for transportation; and postal courier activities. Land transport is the largest subsector, employing half of the workforce. The employer landscape is dominated by small firms (with many self-employed drivers) and there is an ageing workforce; employment roles are concentrated in the lower-skilled occupational groups (UKCES, 2014c). Employment challenges include the need to develop career paths for workers from occupations where demand is shrinking; providing career guidance to support workers to move within the sector to areas of growing opportunity, or where skills gaps are apparent; and improving the image and diversity of the sector (van der Giessen *et al.*, 2009).

There are a number of factors influencing sector change in transport and logistics. These include the growth of internet retailing, the expansion of firms into new/additional value-added services, and sustainability issues (UKCES, 2014c; van der Giessen *et al.*, 2009).

There are few examples of approaches to improve progression outcomes in this sector. There are examples of interventions aimed at upskilling within particular jobs (Cities for Mobility, 2007), and of initiatives to raise awareness and attract workers to the sector (Transport for London, 2014), for example through the development of rounded training approaches for a broad range of sector skills (UKCES, 2014c). More generally, Brisbois and Saunders (2005) highlight the potential value of providing clear skills profiles for specific job roles as part of efforts at skills upgrading.

Financial and professional services

The financial and professional services sector comprises several subsectors, including: financial service activities; insurance, legal and accounting services; management consultancy activities; and real estate activities. Employment in professional and business services is generally concentrated in larger firms; firms with 500 or more employees account for 23% of all employment (UKCES, 2012e). Skill demands within the sector are largely oriented towards people with higher-level qualifications, and the sector has a significant training infrastructure, as well as comparatively well-developed human resource functions. On the whole there may be greater scope for the use of apprenticeship routes (which have been growing) and development of vocational qualifications within financial services (UKCES, 2012f). The barriers to entry to many parts of the sector are typically high, and efforts to 'open-up' many professions are still in their early stages.

A number of drivers present challenges and opportunities to the sector over the medium term. These include: the expanding use of technology (including the continuing automation of some jobs); global competition; changes in regulation and legislation; environmental sustainability; and demographic change. The continued transition to online platforms will likely see the continued offshoring of back office roles in sectors such as finance (Stuart and Lucio, 2008).

Jobs within the financial and business services sector are generally comparatively well-paid, but parts of the subsector, such as call centre and back-office functions, are characterised by lower pay. However, large internal labour markets in bigger organisations may make this sector more feasible for progression policies. To date, policy initiatives have primarily focused on opening up access to 'the professions', as in the **KPMG school leaver programme** (UKCES, 2011) and the **City of London Business Traineeship Scheme (CBT)**, which aims to support local residents from deprived areas to secure employment within city firms. There are also international examples of programmes targeting access to professional jobs: for example, **Year Up**, a large project in the USA that provides a relatively long duration of support, including technical and professional training, advisor support and work placements for low-income young people, has generated some promising evaluation findings (Roder and Elliot, 2014). However, there have been few initiatives focused on progressing existing low-paid staff in the sector.

Manufacturing

Employment in the manufacturing sector has been declining over the longer term in the UK as a result of continuing automation of production and competition from lower-cost producers (BIS, 2010), although there is some evidence of reshoring of some activities. Core issues in the sector relate to the upcoming replacement demand of skilled workers. There is also an issue about how to reskill or transfer the skills of workers who are displaced from the sector as a result of technological change and global competition. While manufacturing has a median wage above the national average, there are subsectors within manufacturing where low pay is more prevalent (e.g. food and drink).

International competition and technological development are likely to continue to be the key drivers of change in the sector (UKCES, 2014b). Lower-skilled routine jobs will continue to decline as a proportion of employment in the sector. New business models are also becoming increasingly important in the sector, in particular the rise of 'manu-services', where firms extend the value chain by providing additional services that complement core production activities (Sissons, 2011).

The manufacturing sector has traditionally been a large user of apprenticeship pathways, many of which are high quality (UKCES, 2012g). There are also examples of wider learning being developed within firms, e.g. the development of an accredited internal training programme combining problem-solving and functional skills training at **Jaguar Land Rover**. This generic skills training is attractive to employees seeking to develop in the organisation.

An example of developing internal training that maps clearly onto specific role competencies is provided in a Belgian study focusing on activities carried out by SMEs to address skills and training needs in the

manufacturing sector (Vos and Willemse, 2014). They cite an SME developing a flexi-matrix, enabling employees to apply for specific training modules that also supported business needs.

The **Wisconsin Regional Training Partnership** in the US has also strengthened training systems in the manufacturing sector (Buford and Dresser, 2014). The programme included close working between employers, unions and training providers, including sharing good practice. Sector-wide partnerships such as this can enable low-paid employees to progress by moving between employers in the sector as well as progressing in companies internally.

Overview of US evidence

Important lessons from the US, where there is some stronger evidence on sectoral approaches, include:

- A 'dual customer' approach, where providers seek to help both employers and jobseekers/low-wage workers through the same programme, appears to have promise (Conway, 2014).
- A driver of employer engagement (e.g. addressing skills shortages, tackling high turnover) may be required to effectively engage employers.
- Developing sector-based policies requires identification of a 'promising' sector/subsector that has the potential to offer opportunities for those on low incomes, and then developing a strategy to improve access to or outcomes in that sector (Conway, 2014).
- Local partnership working is important (Conway and Giloth, 2014).

A recent initiative focusing explicitly on job quality and in-work progression is the **WorkAdvance** model, which is targeted at low-income adults and seeks to support them to enter 'quality jobs, in high demand fields', offering opportunities for progression. Participants are screened to judge their suitability for the programme. There is sector-focused, pre-employment training and provision of specific occupational skills, and post-employment retention and advancement services are utilised to help workers progress once in employment (e.g. through career coaching and access to further training) (Tessler, 2013).

Skills provision and progression initiatives in the LCR

This section provides an overview of the range of provision relating to skills development and progression in the LCR. Similar provision may exist in some other local areas, but the particular mix presented here is specific to the LCR.

Overview of national government-funded initiatives

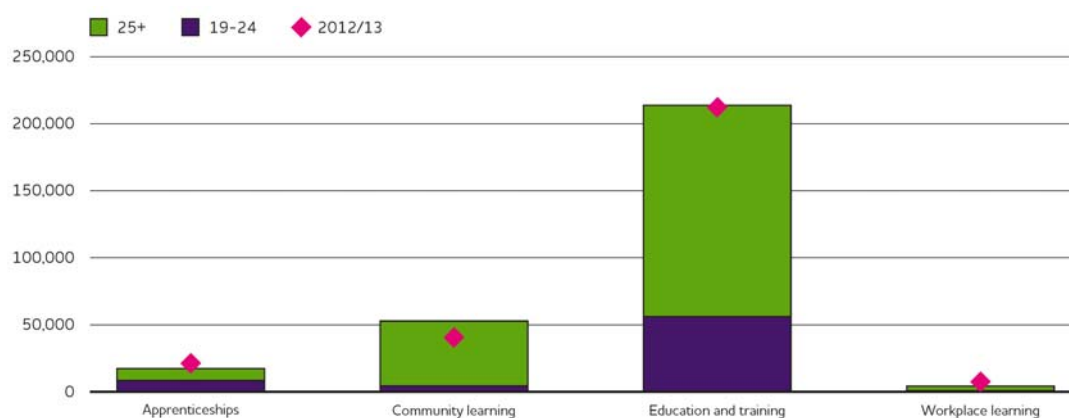
Skills programmes for individuals aged 19 years and over that are funded by the Skills Funding Agency (SFA) may be described in four broad categories (reflecting the way in which data on provision are structured):

- **Apprenticeships:** covering all (government-funded) training classified as an apprenticeship.
- **Community learning:** community-based and outreach learning opportunities.
- **Education and training:** covering courses offered by Further Education (FE) and other colleges.
- **Workplace learning:** a broad range of training mainly delivered through the workplace (excluding Apprenticeships).

Data on government-funded programme starts in the LCR (see Figure 15) show that (non-workplace based) education and training easily dominates, accounting for 74% of recorded starts for those aged 19 and over in 2013/14. Note that the employment status of learners is not captured consistently across skills programmes, so it is difficult to determine the proportion of these starts that are accounted for by individuals in employment. However, analysis suggests that employed learners made up approximately

17% of starts in 2013/14 across education and training, apprenticeships and workplace learning programmes.¹⁵

Figure 15: Programme starts for LCR residents aged 19 years and over, 2013/4



Source: SFA datacube for the LCR

Skills initiatives in the LCR targeted at people in work

Skills initiatives in the LCR that are targeted at people in work include apprenticeships, European Social Fund (ESF) workplace-based programmes and an Employer Ownership of Skills Pilot. The discussion draws on analyses of administrative data and consultations with providers in the LCR to assess the extent to which provision reaches low-paid workers and enables progression.

Apprenticeships

Apprenticeships are designed for individuals to 'earn and learn' in employment. They are of interest here because of their intrinsic association with in-work progression and the strong emphasis on apprenticeships expansion by central government. The length, quality and level of apprenticeships vary widely (Richard, 2012). While often associated with young people entering the labour market, the UK is one of the few countries offering government funding for adult apprentices (Fuller *et al.* 2015). The rationale for this is that apprenticeships can support people to adapt to new career directions and adjust to changing economic needs (DfE and BIS, 2013).

Figure 16 presents time series data on apprenticeship starts for Yorkshire and the Humber; the trends broadly mirror those nationally. The number of older apprenticeship starters fell by 28% from 25,600 to 18,600 between 2012/13 and 2013/14. This has been attributed to short-term changes in funding associated with loan funding,¹⁶ and the decline is expected to be short-lived.

Figure 16: Apprenticeship starts by age group, Yorkshire and the Humber, 2005/06 to 2013/14



Source: SFA/DBIS FE Data Library

In 2012 the LEP secured £4.8 million to invest in the growth of apprenticeships in SMEs under the LCR Apprenticeships Programme. Leeds and Bradford local authorities set up Apprenticeship Training Agencies¹⁷ and eight local authorities established Apprenticeship Hubs to support the growth of apprenticeships among young people by offering independent advice and support to SMEs on apprenticeship options. This complements existing activity co-ordinated by the National Apprenticeship Service.

Nationally, the National Audit Office (2012) found a positive association between acquiring an apprenticeship and sustained employment, and a significant positive wage premium associated with apprenticeships. The apprenticeship initiatives in the LCR do not have targets around worker progression.

Apprentice learner and employer surveys provide insight into the experiences of apprentices. In 2014, employment retention seems relatively strong (93%) for recent completers of adult apprenticeships,¹⁸ but much smaller proportions reported that they had received a promotion (15%) or a pay rise (24%) compared to younger apprentices (see Table 5). Further disaggregation of data shows disparities in pay and promotion outcomes across different apprenticeship frameworks. Apprentices in retail and commercial enterprises and in leisure, travel and tourism are among the least likely to receive a pay rise or promotion on completing an apprenticeship, which raises questions about the role of apprenticeships as a progression route within these sectors.

Table 5: Employment and pay progression for recent Level 2 and 3 apprenticeship completers in England (% of completers by age group), 2014

Age	Employed	Of which employed by same organisation	Received a pay rise	Received a promotion
Under 19	81	57	53	28
19-24	88	66	45	29
25+	93	81	24	15

Source: BIS (2014a) and supplementary tables

European Social Fund (ESF) skills provision

This subsection discusses ESF workplace-based programmes.¹⁹ At the time of writing, in early autumn 2015, five ESF programmes in the LCR were targeted at people in work (although some of these were winding down):

- **Workplace Learning:** aims to provide skills support for low-skilled workers to enhance their work security and prevent unemployment. The contract is managed by Calderdale College with delivery subcontracted to a range of providers. Workplace Learning provides training that leads to accredited full qualifications at Levels 1, 2 and 3,²⁰ and Skills for Life. An initial needs assessment and IAG are also offered to learners in order to encourage progression outcomes. It is not possible to say definitively whether the programme is assisting low-paid workers, but the sectors and types of training recorded suggest that this is the case. The three sectors receiving the largest amount of training through the programme were manufacturing, health and education services, and construction. Analysis of programme data indicates that training primarily benefits low-skilled workers, since approximately half of learners had a previous qualification level below Level 2, while around two-thirds were qualified to Level 1 or 2. While programme providers were paid partly for in-work progression outcomes, providers reported that 'buy-in' to the progression agenda by employers was relatively limited, with employers primarily engaging in the programme to skill individuals for their current job rather than to progress into different roles.
- **Skills Support for the Workforce (SSW):** aims to support employees in SMEs to undertake higher levels of learning or an apprenticeship. Leeds City College manages the £9.8 million SSW contract in the LCR, which is delivered as **The Response Project**,²¹ with delivery subcontracted to a consortium of colleges and training providers. Providers support SMEs in the LEP priority sectors to assess their training needs and deliver learning programmes to meet employer and individual requirements.²² Training is fully funded, provided it meets the eligibility criteria (i.e. it is non-mandatory and pitched at Levels 2 or 3).²³ The sectors in which most training has taken place include social care, construction, logistics and manufacturing.
- Alongside the SSW, the **Local Response Fund** has also been introduced with the aim of enabling providers to respond to new and emerging skills issues. It has involved working closely with SMEs to assess needs and tailor training provision accordingly.
- **Skills Support for Redundancy:** offers individualised IAG and skills interventions (reskilling/upskilling) for individuals facing redundancy or who are newly unemployed. To be eligible, individual learners must be aged over 19 years and either at risk of redundancy or newly unemployed due to redundancy. The support delivered includes: training needs analysis and an individual learning plan; re/upskilling in a different sector; support for self-employment; and basic skills provision. The IAG delivered to individual learners focuses on matching individuals' aspirations to local labour market needs.

Two further short-term programmes operating at the time of writing were:

- **Skills Support for Work Programme Participants in Employment:** an individual programme of support for Work Programme participants during the first 6 months of employment, with the aim of promoting sustained employment and progression to further skills training. Take-up of this programme was reported to be low.
- **Maths and English for the Employed:** designed to help employees build up Maths and English skills to progress to further learning.

Employer ownership pilot

The LCR LEP received funding of £17.5 million to launch the Skills Service and Skills Fund²⁴ in early 2015. The service includes consultancy support for businesses around assessing skills needs, brokering with providers and providing match funding. All businesses in the LCR can use the Skills Service, but the

Skills Fund, which provides match funding for training, is for SMEs that operate in one of the LEP priority sectors. The funding is flexible: it can be used for both accredited and non-accredited training, from Level 1 up to Level 4 and above, and for upskilling both existing and new staff, but it must not replace any statutory funding. A consortium of organisations provides consultancy and brokerage support to businesses and subcontracts training provision to a network of providers.

Summary

Overall, there is a considerable amount of training activity taken up by people in work in the LCR, including in sectors characterised by low pay, although this comprises only a small percentage of the overall amount of skills provision delivered to learners in the LCR. There is little evidence available on the extent to which the skills provision available results in pay progression. The evidence suggests that the programmes outlined are primarily focused on improving workforce skills, and thereby potentially improving worker productivity, but are not necessarily effective in enabling progression into higher-paid/higher-skilled jobs.

Skills initiatives in the LCR targeting career switching

Supporting individuals to move between jobs to organisations/sectors with better pay and career prospects can be important in enabling low-wage worker progression (Andersson *et al.*, 2005; Hurrell, 2013). Yet there are few initiatives in the LCR currently targeting career switching for progression. This section considers the role of part-time education and training provision, and careers information, advice and guidance services in facilitating positive job moves within the LCR.

Part-time education and training provision in the FE and HE sectors

Providing flexible study aimed at those already in the labour market can play a role in progression across sectors. Evidence shows that part-time HE students are disproportionately likely to come from low-income groups and have no/low level entry qualifications. Given that part-time study can potentially help to increase social mobility (Callender and Wilkinson, 2011), the following developments are a cause for concern:

- year-on-year reductions in the Adult Skills Budget, with funding increasingly concentrated on young adults and the unemployed;
- the introduction of income-contingent loans for higher level study (Level 3 and above), resulting in a decline in the take-up of level 3 learning;²⁵
- a decline in part-time higher education participation nationally,²⁶ including a 43% decline in Yorkshire and the Humber between 2011/12 and 2012/13.

Careers IAG services

These services are also important in supporting low-wage workers' progression through playing a role in raising aspirations, promoting career management skills and guiding individuals' investments in skills (National Careers Council, 2013). However, they are not always visible to those already in employment, tending to be oriented more towards supporting job-entry than in-work progression.

Access to careers guidance services is not guaranteed for those in low-wage work. In England, adults are able to access guidance sessions through the National Careers Service (NCS), but access to intensive forms of support is targeted at priority groups.²⁷ Careers Yorkshire is the NCS prime contractor delivering face-to-face advice in the LCR. While offering a flexible service, with support delivered via the internet and telephone, as well as face-to-face, is likely to be important for people in work, the NCS service is not currently set up to prioritise supporting people who are in employment to progress in work or to look for better jobs.

According to the NCS' user satisfaction and progression survey, half of NCS customers report some form of employment progression, including moving into new employment (32%), changing career (16%) or achieving a promotion or pay increase (11%) (BIS, 2014b). It is not possible to determine the extent to which the advice and information provided by NCS contractors contributed to these outcomes, but more than half of follow-up survey respondents who reported that they had experienced some employment 'progression' believed that the NCS adviser had played a part in achieving this.

Summary

Working Futures employment projections for the period from 2012 to 2022 show the largest net requirements in the LCR for occupations associated with low pay and high pay. Sectors with sizeable requirements include the health and social work sectors (especially residential care), wholesale and retail trade sectors (notably retail), professional services, accommodation and food services, and construction. Several of these sectors are associated with low pay and compressed earnings distributions.

A systematic review of the national and international literature evidence finds relatively few examples of initiatives within these sectors targeted specifically at progression (which is a relatively new area for policy interest). The evidence that is available suggests the importance of individuals' and employers' orientations towards progression and also highlights the importance of supportive HR structures and the need to make direct links between skills activity and progression routes. In initiatives focused on employers or a 'dual-customer approach', a driver of employer engagement such as turnover or skills gaps often needs to be identified.

In the LCR, analyses of skills provision data shows that there is a considerable amount of training activity taken up by people in work – including in sectors characterised by low pay, although this comprises only a small proportion of overall skills provision delivered to learners in the LCR. There is little evidence available on the extent to which the provision available results in pay progression.

Current government agendas are focused on increasing employer 'ownership' of the skills system, and on apprenticeship expansion. Initiatives in the LCR aim to increase the number of apprenticeships being offered by small businesses, but there is no explicit emphasis on pay and progression outcomes, and the principal focus is on young people.

ESF programmes aimed at improving workforce skills have plugged some of the gaps in the adult skills budget, by targeting low-skilled people in work, and have resulted in significant training activity, including in key low-pay sectors. But the extent of deadweight involved is unclear, and progression outcomes are currently not known.

3 Proposals for a package of progression initiatives for the LCR

This chapter presents a proposed package of skills initiatives for the LCR. The proposed initiatives are designed to address key issues pertinent to progression. While taking account of current policies, structures and resources in the LCR, they are not necessarily constrained by them; rather they seek to be aspirational, in the sense of raising ambition and providing ideas and new approaches intended to achieve step change in addressing progression from low pay. First, the methodology for selecting initiatives for further development is set out, and how the three specific policy initiatives presented link together in a coherent package is outlined. The three policy initiatives, briefly set out below, are then described in more detail.

The initiatives are:

1. a careers IAG service for low-paid workers;
2. an in-work progression service for individuals, encompassing: 1) an advancement service for individuals and 2) a sectoral-based approach focusing on employers; and
3. a business support service aimed at enhancing opportunities for part-time workers.

In each case the background to the initiative is discussed prior to presentation of the details of the initiative. As such the case is made for each of the initiatives in a self-contained fashion. The chapter concludes with an overview and next steps regarding possible implementation.

The LCR package

Methodology

The project team worked in collaboration with local and national stakeholders to develop a set of employment and skills initiatives, with a focus on facilitating progression from low-wage work. In all, 22 stakeholders from across the LCR participated in an initial Skills Policy Development Group workshop, including representatives from the Department for Work and Pensions (DWP), local colleges and training providers, careers advice service providers, skills leads from the local authority and researchers. Ten topics were selected for discussion on the basis of an evidence review and prior consultations with LCR stakeholders:

- those with a **sectoral focus** on improving job quality and progression in: 1. social care and 2. hospitality; and access and progression to good jobs in: 3. financial and business services;
- those concerned with **systems and institutions** (along a continuum from good practice to programme-style interventions) that may be applicable across sectors: 4. job design, 5. line manager training, 6. careers management and IAG, and 7. developing a 'programme model' for worker progression; and
- those relating to sub-groups of businesses or workers: 8. small businesses, 9. older workers and 10. temporary agency workers.

There is some overlap between these topics.

Details of the topics were pre-circulated (see Appendix 1 for a summary of each topic, the core issues and the rationale for addressing them, and potential solutions).

Following roundtable discussion of these topics and an invitation for further possible topics that could form a useful focus for employment and skills progression initiatives in the LCR, attendees were asked to prioritise topics to be taken forward. Four topics were selected for further focused discussion at subsequent workshops held in Leeds between June and July 2015. Each of the workshops was attended by a small group of LCR and national stakeholders with expertise in the topic areas. The aim of these workshops was to co-design and test the viability of the ideas, before proposing possible policy initiatives. The four workshop topics comprised:

1. an integrated business and in-work progression support model;
2. careers IAG for low-wage workers;
3. career opportunities for part-time workers; and
4. financial incentives for employers to invest in workforce skills and progression.

A package of three interlinked policy initiatives

On the basis of the workshop discussions, three policy initiatives were selected for further development:

1. a careers IAG service for low-paid workers;
2. an in-work progression service for individuals, encompassing two alternative models: a) an advancement service for individuals, and b) a sectoral-based dual approach focusing on employers and employees; and
3. a business support service aimed at enhancing opportunities for part-time workers.

Although intuitively appealing, the consensus at the workshop on financial incentives for employers to invest in workforce skills and progression was that financial incentives are difficult to implement (see Appendix 2 for a summary of the workshop discussion on this topic).

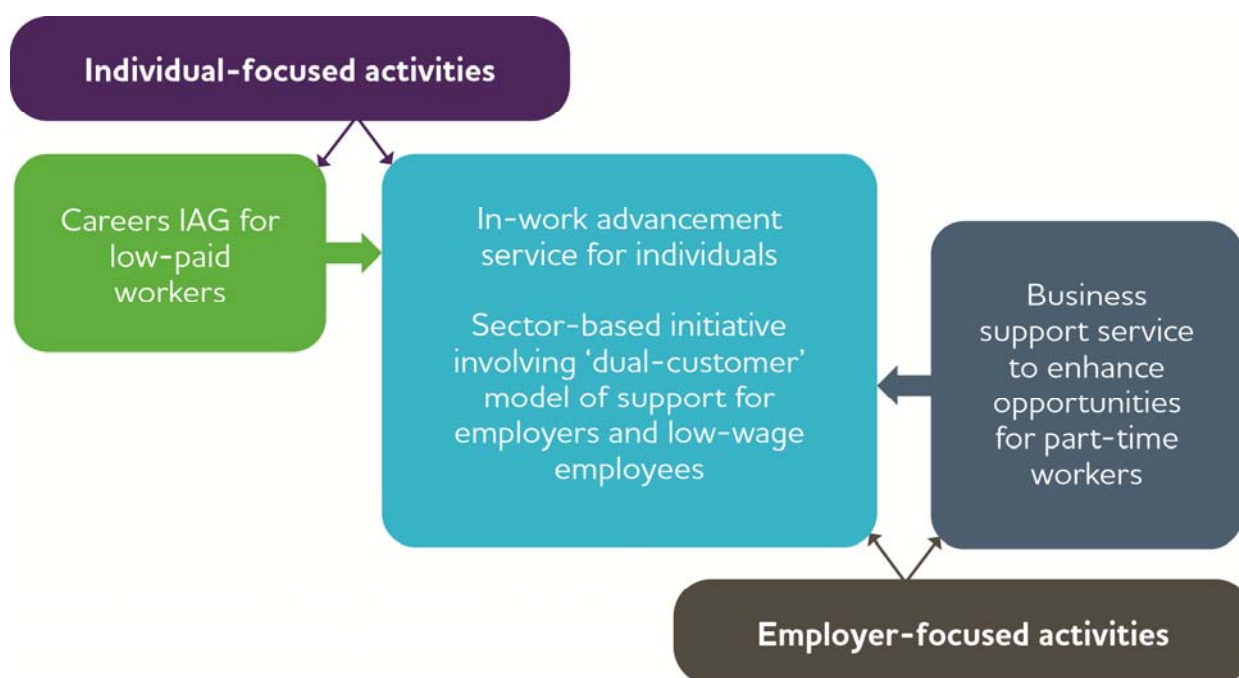
Drafts of proposed initiatives were circulated for comment and further refinements made in consultation with key stakeholders, and in light of recent developments relating to the design of European Structural and Investment Fund (ESIF) specifications.

Structure of presentation of policy initiatives

Outlines of the initiatives are presented next. These outlines are written so that they can be read independently of the rest of the report.²⁸ They follow a common structure: Section A sets out the rationale for the initiative, briefly outlining current provision and the wider policy context in which the initiative would operate. It also highlights insights from other programmes and projects that may be relevant. Section B outlines key elements of the initiative, including the aims and objectives, eligibility criteria and the outcomes that it would seek to achieve (the detail is necessarily subject to revision).

The three policy initiatives may be considered on a standalone basis, but they also interlink to form a coherent package as outlined in Figure 17, with a combination of individual- and employer-facing elements.

Figure 17: Package of interlinked policy initiatives



The initiatives are of generic relevance and so could be implemented (taking account of local contextual factors) in city-regions other than the LCR.

Initiative 1: Careers information, advice and guidance for low-paid workers

This initiative seeks to enhance access to careers information, advice and guidance (IAG), with a view to supporting progression amongst low-paid workers:

- **Initiative:** a pilot to enhance National Careers Service provision available to low-paid workers, focusing on key service design features (including the payment model).

This outline aims to provide an idea of how the initiative would operate to enable an assessment of the merits of the idea.

In addition to the proposal that follows, the following options in relation to facilitating access to careers IAG for low-wage workers were considered:

- **Adjusting the Key Performance Indicators (KPIs) that apply to National Careers Service (NCS) contractors:** negotiate with LEPs to set KPIs for each contract. There is scope for these KPIs to include indicators that entail some focus on low-wage workers. The extent to which these indicators might shape contractor service delivery is not yet clear, and requires further investigation. The KPIs that have been proposed for the LCR at the time of writing relate to employer engagement and dissemination of labour market intelligence, rather than specifying that providers should focus on low-wage workers or those in employment.
- **Trialling a new model for delivering IAG to low-paid workers (i.e. working outside the NCS model):** under this option, consideration was given to what a careers IAG service that targeted low-wage workers might look like, if there was scope to design a new service model. NIACE, for example, has set out ideas for a National Advancement Service that would offer a comprehensive package of support to low-wage workers (NIACE, 2015).

These ideas may provide a starting point for other inquiries and work in this area. The proposal for an in-work support model chimes with the second idea, with its description of a new integrated service model to support low-wage worker progression that would include career coaching.

A) Background

Careers services can play a role in raising aspirations among low-skilled workers, as well as providing the opportunity to review career prospects and identify opportunities to progress out of low-paid work. Services that provide high quality information can play an important role in providing information about qualification types and their labour market value to guide individuals' decisions about learning.

There is relatively limited evidence on how to facilitate in-work progression, especially for people already in low-paid work. Integrated in-work support programmes such as the US and UK Employment Retention and Advancement (ERA) demonstration initiatives (Hendra *et al.*, 2011) had a modest impact in terms of increasing earnings, but it is difficult to determine the specific role and value that IAG services brought to these trials.

Policy context

Careers Information Advice and Guidance (IAG) services in England do not tend to actively target people who are already in work; instead adult careers services tend to be targeted at people seeking employment (Ray *et al.*, 2014). Some further careers IAG is provided through education and training providers, but individuals in low-paid/low-skilled work are unlikely to access this unless they are proactively looking for education and training courses.

The NCS is a contracted-out universal service. It is universal in the sense that anyone can use the service, but there are limited resources targeted at increasing demand and a number of priority groups have been specified in the contracts, including those with low skills (below Levels 2 or 3), people claiming out-of-work benefits, and those facing redundancy.

The majority of NCS clients are not in work (only 14% of those participating in face-to-face guidance meetings were in full- or part-time employment in a recent survey) (BIS, 2014b). Providers are paid, in part, when clients enter employment, start a course or experience career progression following an intervention. Educational institutions and private sector organisations also provide careers IAG, but mostly to those proactively seeking out educational opportunities.

Aside from NCS provision, there are some key initiatives that are seeking to improve the information and advice available to young people in the LCR. These include a project to provide information about the skills requirements and career opportunities that are available in the region (Jobs Intelligence) and an Enterprise Adviser network that has brought together schools, business leaders and young people to promote entrepreneurship and working in a small business environment.

Summary of relevant learning from previous initiatives

In the absence of an extensive evidence base around 'what works' in terms of IAG for low-wage workers, principles of good practice may be discerned from recent trials relating to adult careers services, including:

- **NIACE Mid-life Career Review pilot**, supported by NCS and Unionlearn among others: it aimed to test the demand for a rounded career review offer that could support longer, more productive and healthy working lives;
- **Skills Escalator, NCS Hounslow**: worked with the local authority to target low-wage workers in receipt of housing benefit, offering an initial workshop on career change and signposting to NCS services;

- **Women Like Us pilot:** includes an offer of one-to-one career tailored support for low-paid parents, with the aim of increasing earnings and/or supporting career progression into quality part-time roles; and
- **Plymouth in-work progression pilot:** currently targeting young people who have achieved a job outcome through the Work Programme.

Most of these projects were in the development phase at the time of writing and robust evaluation evidence is not yet available. Discussions with project workers and contractors identified some early lessons and ongoing challenges that might apply to wider adult IAG services:

- Employer engagement is facilitated where there is a specific business need (e.g. risk of redundancy, persistent skills gaps). Employers can be reluctant to engage and to offer access to workers where they believe the intervention may lead to staff turnover.
- There is evidence of a demand for career interventions among those in work. Face-to-face careers IAG that is tailored and personalised to individual needs is most effective.
- Targeting low-wage workers based on administrative benefit data may drive initial engagement, but clear communication is needed to ensure that participation is not perceived as mandatory.
- It is important to clearly define the intended outcomes for any initiative, ensuring they are easily and accurately measured and directly linked to the intervention.
- There is a need to balance support for low-wage workers who may need to change employers with employer engagement activities (since employers may be reluctant to support those who change employer following receipt of IAG support).

B) Details of the initiative: enhancing NCS provision available to low-paid workers in the LCR

Aims and objectives

The overall objective of this initiative is to support better employment and progression outcomes for low-wage workers. It would aim to do this by examining whether key features of the NCS payment and delivery model could be adapted to enable providers to offer more support to low-paid workers, thereby ensuring that the target group of low-paid workers can make informed employment, career and training decisions.

The full proposal is relatively ambitious, as it would require the ability to vary and redesign NCS contracts that are currently co-ordinated nationally, and which were last let to regional providers in 2014. The scope to do this will depend on negotiations with the SFA and the Department for Business, Innovation and Skills (BIS), as well as input from local IAG service providers. The trailblazer proposal that follows is specified with a view to enhancing the ability of local contractors to deliver a careers service that is tailored to supporting low-wage workers to progress.

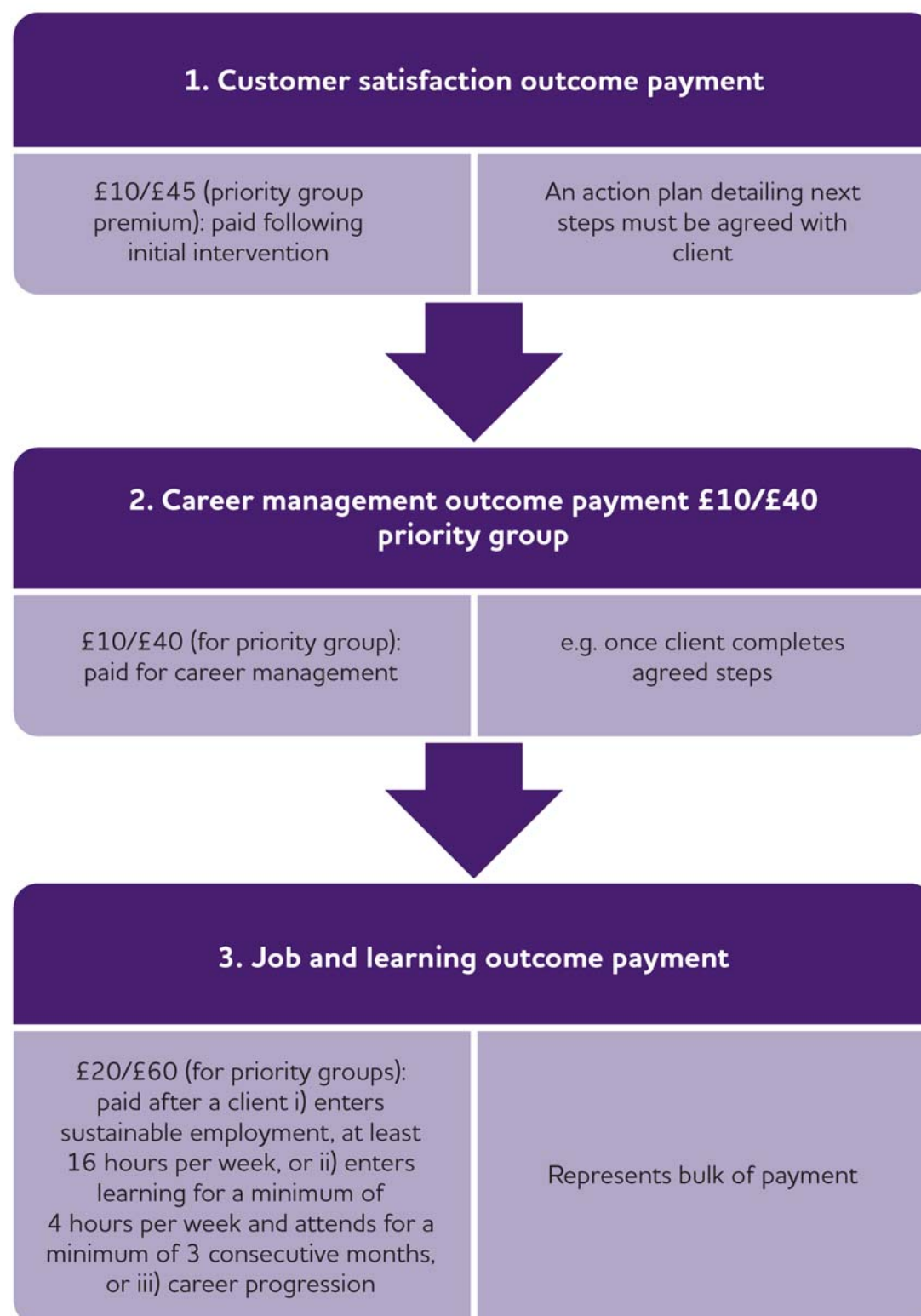
Initiative outline and delivery model

To deliver these aims, this initiative would involve the establishment of a new LCR Commission, bringing together local providers, employer and employee representatives, and policy-makers to review key design features of the NCS, including the payment model. Initially this could follow the model of the London Assembly's investigation into adult careers provision,²⁹ which brought together key stakeholders and provided a focus for discussion and policy development. However, the Commission would have a more targeted focus on the NCS model and would require direct input from providers.

The NCS payment model – including the priority groups it refers to and the balance of payments – shapes the service that providers are able to offer. A description of the current payment model is

provided in Figure 18. The contract is funded against these outcomes, and there is no funding for engagement work.³⁰

Figure 18: Outline of current National Careers Service payment model

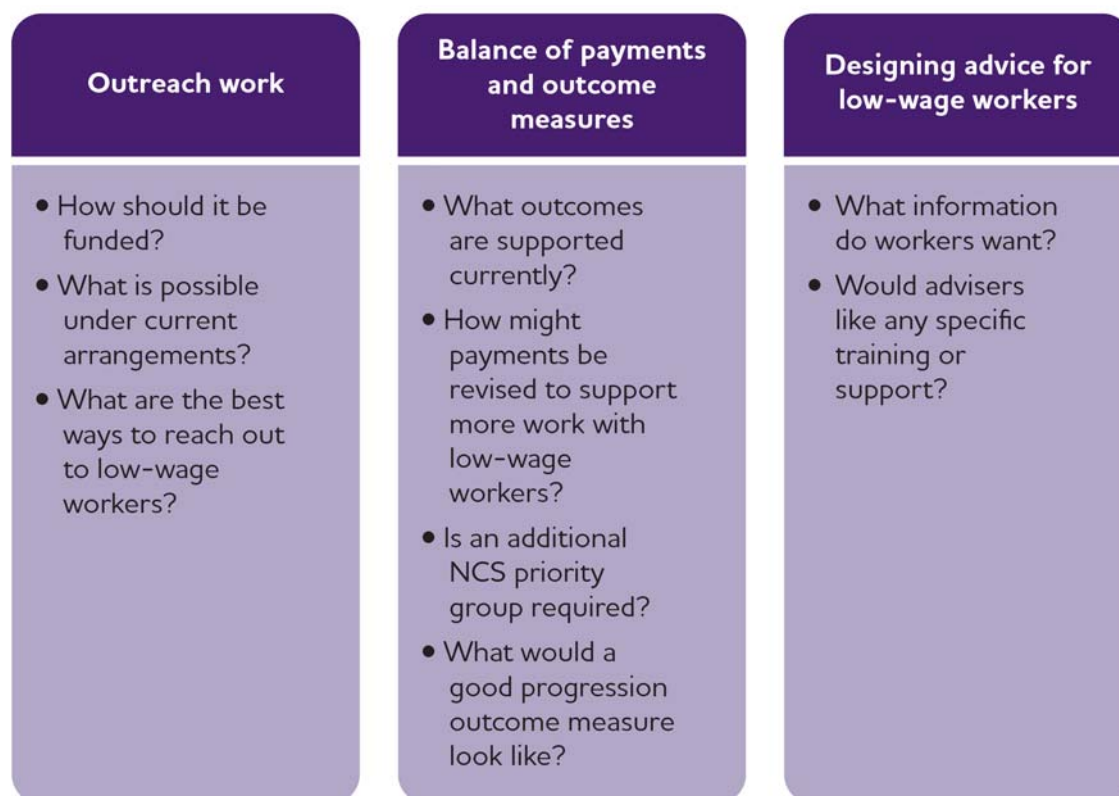


In the context of the proposed trial, adjustments to the model might include a reweighting of payments to reduce the risk experienced by providers who trial new engagement activities with low-wage workers.

Currently payments are weighted to emphasise the 'job and learning outcome' and priority groups attract higher payments, but providers suggest that they are not currently making many 'career progression' claims. The LCR Commission would work with the provider to explore how they might make it more feasible to achieve these outcomes.

Key elements of the NCS model that might be reviewed are also outlined in Figure 19.

Figure 19: Core design elements for review in the consultation and pilot project



The elements outlined above would provide a starting point for the review, but the full remit should be determined in consultation with local providers and discussion with the SFA and BIS. Inevitably, the scope of the review will depend on the resources available. But it would be worthwhile pursuing key lines of inquiry relating to current practice and feedback from advisers, even in the absence of immediate clarity on funding availability, as it will be of use in scoping out later aspects of the project and in terms of influencing best practice in the LCR and elsewhere.

Contracts were recently let (in 2014), so it is an opportune moment to review the kind of service that can be delivered through the current delivery model for the NCS, and to seek feedback from providers on how the model could be adapted to support further work with low-paid workers. In order to trial a different approach to IAG for low-paid workers, additional resources would need to be made available to providers (assuming the core elements of current contracts cannot be adjusted), and buy-in would need to be secured from local and national NCS stakeholders.

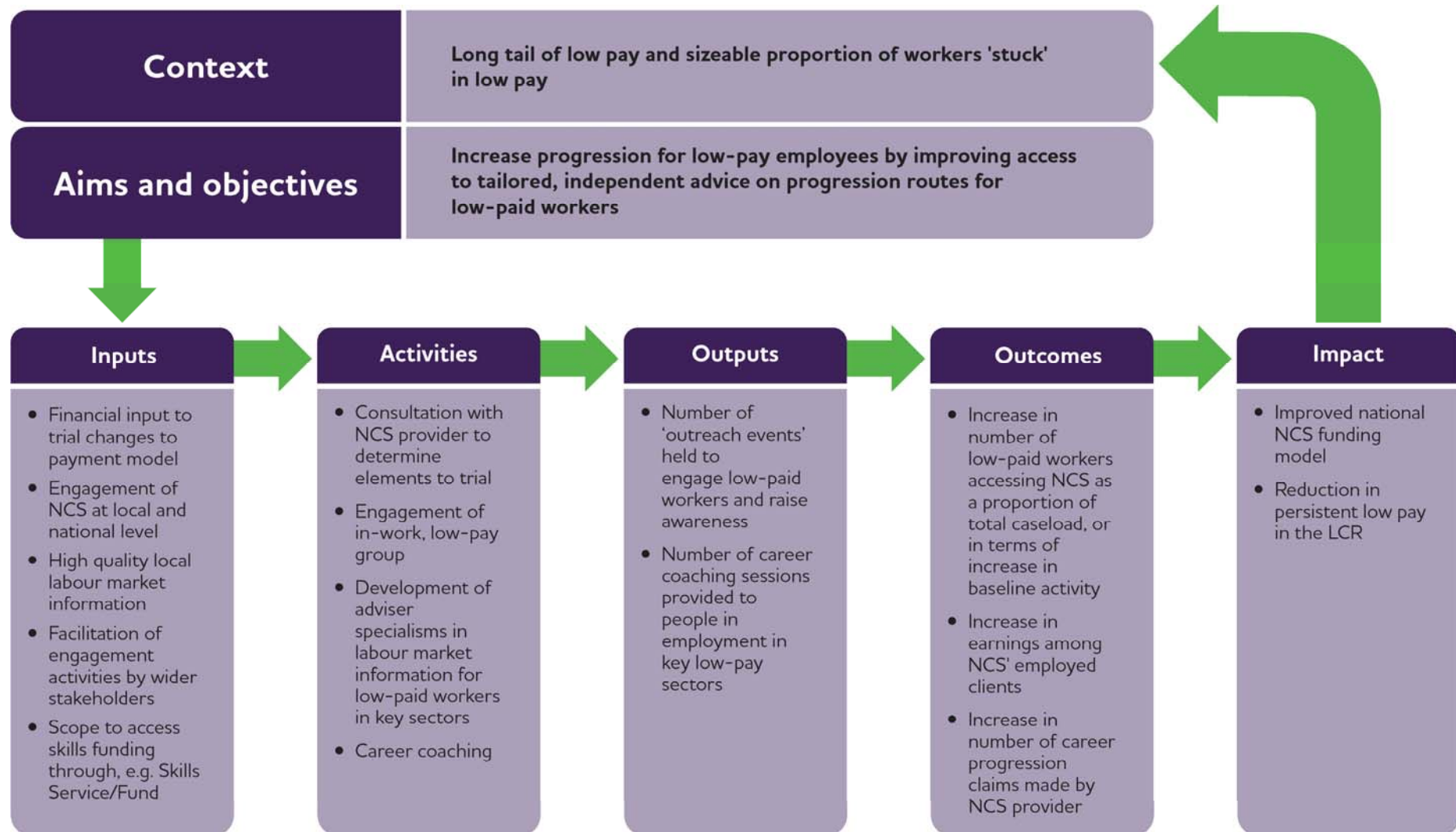
The National Careers Council has recommended that the government establish a careers investment fund that would promote innovation and pilot different approaches. Such a fund could enable a step-change in provision for low-paid adults, as well as the young people currently targeted through the NCS' 'inspiration agenda'.

The wider context of an ongoing national review of the payment model for the NCS is relevant in this context. The current NCS funding model, based on payment by results, was introduced for the last

contracting round (in 2014), but there was little opportunity to trial the model in advance. The NCS contractor for the LCR has indicated that they are in the process of conducting a review of their in-work progression outcome strategy with a view to increasing work with this group. In this context, the proposed initiative would aim to support the work of the local provider and provide feedback to the NCS on ways in which the service can be adapted to increase support for low-wage worker progression.

The logic model that underpins the initiative is provided in Figure 20.

Figure 20: Logic model: LCR NCS trial project



Eligibility

The initiative would seek to increase NCS engagement with low-paid workers in the LCR and tailor the support available. The target group for this initiative could therefore be set as workers in key low-pay sectors in the LCR, with advisers developing specialist knowledge of ways to engage workers in different sectors, as well as of progression routes into skilled and better-paid work.

A more tightly-specified target group could also be established, e.g. those earning below the Living Wage or those eligible for tax credits (or Universal Credit), but there is an argument for trialling initiatives with a wider target group, both in terms of ease of implementation and fit with the wider aim of maintaining a universal careers advice service.

Activities

The key activities for this initiative would be:

- **Set-up of a LEP commission on IAG provision for low-wage workers, bringing together key local stakeholders.** This would review findings from the other strands of activity and negotiate any flexibility needed to trial ideas.
- **Review of the NCS payment and delivery model, considering how it shapes provision for low-wage workers.** An initial consultation document on the NCS funding model highlighted some concerns about the proposed funding and delivery model under which the contracts were let (SFA/Intellect Concept Viability Report, 2013) that might be revisited, with a view to understanding how provision could be extended for the low-paid group.
- **Development of specialist labour market information (LMI), advice and guidance modules for advisers working with low-paid workers:** stakeholders would be supported to identify key progression routes for low-paid workers and different ways to facilitate progression. Much of the LMI that is currently available has been developed for schools/young people.
- **Trial of a revised payment model and engagement activities.** The aim would be to enable providers to trial new ways of working with low-paid workers and engaging them in NCS provision, as well as reviewing how progression outcomes can be tracked.

The activities could last for up to a year, with feedback provided on an ongoing basis. A process evaluation could be introduced to support ongoing innovation and provide feedback to the LCR stakeholders, as well as providing input to the national NCS funding model review process that will likely be running to a shorter timescale.

Actors and stakeholders

The key actor in this initiative would be the regional NCS contract holder, Careers Yorkshire and the Humber. In addition, the initiative could be delivered with funding and support from BIS. In the absence of additional support, it might be difficult to innovate within the confines of current NCS contracting, but additional funding could be made available to support NCS providers to engage and work with low-paid workers, with findings from the trial helping to provide an estimate of the cost of such work. There may be scope to use ESF resources to support this work.

The LEP would have a key role to play through convening the strategic work of the Commission, as well as negotiating with government to provide local actors with enough scope to trial a different approach to service delivery with regard to low-wage workers at the local level.

Other important partners include organisations that could facilitate engagement with low-wage workers, including trade union representatives, housing providers, employment support and training providers, and Jobcentre Plus (specifically Work Coaches of UC claimants).

Outputs, outcomes and impact

The outputs of the initiative are additional engagement events and activities targeting low-paid workers, as well as additional career coaching sessions provided to low-paid workers and tailored to key low-pay sectors in the LCR.

The intended outcome is to increase NCS engagement with low-paid workers. This might be measured in terms of an increase in the proportion of NCS service users who are employed, as well as an increase in provider payment claims that fall into the 'career progression' category. If further targeting is required, measures could be introduced to focus work on those employed in key low-pay sectors, alongside work with low-skilled employees (who are already a priority group under NCS contracting). The intended impact from the initiative is to improve the careers IAG offer that is available to low-paid workers by raising demand for such services and tailoring provision to the needs of low-paid residents. As a result, low-paid workers who are looking to progress will be better equipped to make employment and training decisions, including regarding progression.

The wider impact is around generating insight into the design of an IAG provider payment model that can support low-wage worker engagement and progression outcomes.

Commissioning and payment model

The key aim of this initiative would be to trial a different approach to the current payment model that is being used to deliver the NCS by prime contractors. With buy-in from BIS and local contractors, and following consultation with providers to understand current practice, the current payment model could be adjusted to fund the trials.

The main funding implications from this proposal are therefore around the additional resources that would be required to support the regional NCS provider to trial activities with low-wage workers that it is not possible to fund within the current model.

Box 1: Implementation in the LCR

To implement the full proposal it would be necessary to secure the support of the NCS and BIS, but it is also likely that it would be necessary to secure additional funding to trial new solutions and implement the changes identified as appropriate by the Commission. It may be that it is possible to fund this activity through ESF resources. In the case of there being very limited resources available to support the development of this trailblazing project, the LCR Commission could proceed with the initial phase of the project by leading on consulting with local providers and feeding back to national policy leads, with a view to securing additional resources to implement any recommendations in the longer term.

The first steps in advancing the core ideas outlined in this proposal in the LCR might therefore include:

1. setting up the Commission, which will serve as the co-ordinating body through which ideas can be tested and negotiations with national agencies may be conducted;
2. consultation with local providers on ways to facilitate further engagement with low-wage workers and the role that IAG services might play in supporting progression;
3. feeding back to the SFA and BIS; and
4. submitting a case to government to establish a trial project.

Initiative 2: In-work progression for low-paid workers – developing a) an advancement service for individuals, and b) a sector-based approach involving employers and individuals

Details are provided of two proposed initiatives that target progression among low-paid workers:

- An initiative focused on **individuals** on low pay and/or in-work benefits, providing a combination of career support/coaching and guidance with training provision aimed at accessing a higher-paying job.
- A sector-based initiative that adopts a dual-customer approach – serving **both employers and low-wage workers**. The emphasis of this second initiative is on employer-led training provision linked to career advancement opportunities.

A) Background: Initiatives 2a and 2b

Introduction

Employment policies aimed at addressing poverty are primarily focused on work entry. However, evidence suggests there are also issues around both retention of employment and advancement once in work. The proposed initiatives focus on developing additional opportunities for low-paid workers to progress through establishing a) an individual, and b) a sector-focused progression programme. These are proposed to run as pilots with an important requirement being to put in place robust evaluation to assess their impact. This evaluation activity needs to be built in from the start.

‘Progression’ is defined here in financial terms as ‘increasing earnings’.

Summary of relevant learning from previous initiatives

There is relatively little robust evidence for initiatives in the UK that seek to improve progression among low-paid workers (Green *et al.*, 2015).

A major initiative aimed at improving work sustainability and progression was the **Employment Retention and Advancement (ERA) pilot**. Drawing on delivery models developed in the US, ERA targeted support at two groups: the long-term unemployed and lone parents. The programme provided a package of support for individuals including job coaching, access to services and guidance, and a financial incentive (a work retention bonus) (Hendra *et al.*, 2011). Financial support for training was available up to £1,000 with a training bonus payment for course completion. ERA demonstrated positive outcomes in the programme period, and also benefits that extended beyond the period in which in-work support was offered for the long-term unemployed group (Hendra *et al.*, 2011; Dorsett, 2013). Notably, the training element of the programme appeared less successful; while the programme increased training take-up, those groups that undertook training did not see improved progression (relative to the control group). This is thought to be because training was not sufficiently attuned to local labour market opportunities, and there was insufficient support in enabling people to make a job switch to a better-paying role following training completion. This highlights the importance of high quality LMI and guidance services.

Other evidence on increasing in-work training comes from the delivery of Unionlearn, which has supported more than 600,000 learning opportunities. Evaluation suggests Unionlearn has been successful in engaging learners from under-represented groups (Stuart *et al.*, 2010). There is, however, no evidence specifically of the effect of training and learning funded on individuals’ in-work progression.

There is also a growing evidence base of US studies of policies aimed at advancement of low-wage workers. These studies often face the issue of being unable to isolate which element of support drives programme impact, and overall it appears that combinations of support are likely to be important (Hamilton and Scrivener, 2012). Recent US evidence also highlights the potential benefit of adopting a sector-focused model of support (Gasper and Henderson, 2014), with the advantages of such an

approach including being able to tailor industry-focused training, and the development of closer links between training providers and employers.

Any initiative developed around this theme needs to consider the dynamics by which workers can progress. There are examples of initiatives working with employers to boost internal mobility. However, changing employers can also be an effective method of securing wage progression where prospects for internal promotion are weak (Hamilton and Scrivener, 2012; Andersson *et al.*, 2005; Hurrell, 2013).

Evidence of need for the initiatives

Studies have found a relatively large proportion of low-paid workers remain stuck in low pay over extended periods (Dickens, 2000; Hurrell, 2013; D'Arcy and Hurrell, 2014; Kumar *et al.*, 2014).

Some 20–25% of workers in the LCR were earning below the Living Wage in 2014, suggesting a potentially large pool of workers who could benefit from this type of initiative.

Policy context

There is no national policy focused on progression in work, and the incentives for employment service providers to develop delivery models to increase progression are weak. The introduction of Universal Credit requires the development of approaches aimed at improving progression for those on very low earnings, although the format which this will take is not yet entirely clear, with a range of approaches being trialled by DWP. A local approach towards facilitating progression has been developed as part of the Plymouth City Deal, which includes a measure aimed at increasing wage progression among young workers. More generally, the UKCES Futures Programme is looking with a broader lens at job quality in a number of low-paid sectors (including hospitality, retailing and social care).

A range of training provision already exists in the LCR that might support low earners, including community learning, workplace learning and training delivered through FE providers. However, employed individuals account for a relatively small proportion of the learners and providers are rarely incentivised to focus on earnings outcomes. The first initiative could build on existing work in the LCR, which has been delivered through the ESF-funded Workplace Learning programme. The model proposed here has a greater emphasis on career coaching, which is important in addressing non-skills related barriers to progression, and places more emphasis on earnings progression as an outcome.

The initiatives would also build on experiences of the Skills Support for Work Programme Participants in Employment, although the target for the advancement service is wider than solely those entering work from the Work Programme, and there would be more of an emphasis on job mobility as a route to progression for those in low-paid jobs with limited prospects. More broadly, the initiatives may help address the recent decline in part-time learning through engaging with a wide group of low-paid workers who would like to progress.

At the LCR level there is an obvious complementarity between the second initiative and the ongoing work of the Skills Service, which provides skills advice to businesses and can co-fund training for SMEs in 'priority sectors' (although there is an issue that some large low-paid sectors are excluded from coverage). This link would provide an opportunity both to utilise some existing funding for increasing progression, as well as to draw on established networks of employer engagement in the LCR.

B) Details of Initiative 2a: support for individuals – advancement service

Objective

The objective of the initiative is to support progression outcomes for low-wage workers through: providing additional opportunities for low-paid workers to participate in funded training, delivered alongside career coaching and guidance; signposting to other services that might help support progression (such as childcare, financial advice, etc.); and an employer brokerage function to assist in placing participants in better-paid jobs.

Delivery model

The core of the delivery model is to provide an in-work advancement service that offers a combination of careers advice, guidance and coaching, and funded training where this is identified as addressing a barrier to progression. Progression could be achieved with either a current employer or with a different employer/in a different sector. 'Wraparound' support to address other barriers to progression, and employer brokerage to facilitate placement with good quality employers, are also features of the initiative. The provision would be focused on those in work and on low incomes, and who wish to advance. The service could be delivered by employment and/or training providers, working with other partners as relevant, such as specialist career guidance services, employer brokerage, etc.

The outline delivery model is set out in Figure 21. Elements include:

- initial recruitment and engagement activities targeting low-wage workers who want to progress;
- an initial assessment and career guidance sessions (which draw on local LMI and assess barriers to progression such as childcare and transport, and how these might be addressed);
- referral to appropriate and approved skills training where needed (which is funded through the initiative) to meet progression aims (aligned with ongoing sessions of career coaching to support course completion);
- follow-up sessions of career coaching and support for career development activities, including employment brokerage; and
- ongoing in-work support in new job/role, addressing challenges such as childcare, transport, debt, finances, etc.

These activities would last for up to two years, after which the expectation is that the individual will have advanced to their progression goal. Following on from completion of the programme, some continuity would be established with a less intensive service. This service would be provided by the organisation(s) commissioned to provide the core advancement service.

There are some commonalities with the approach presented here and the proposal for a National Advancement Service developed by NIACE (2015). In practice, a National Advancement Service, were one developed, could form an element of local delivery. However there are also important distinctions. What is proposed here places a greater focus on employer brokerage and placement services, which are linked to opportunities for jobs in comparably high-paying sectors/with comparably high-paying employers. In addition, the model developed here would provide some continuity of ongoing support to encourage a pathway rather than a discrete step, with advisors providing follow-up support on transition to a new role or to a new job.

The logic model underpinning the initiative is provided in Figure 22. This summarises the issue addressed, delivery model, outcomes and impact.

Figure 21: Support for individuals to progress – advancement service: delivery model

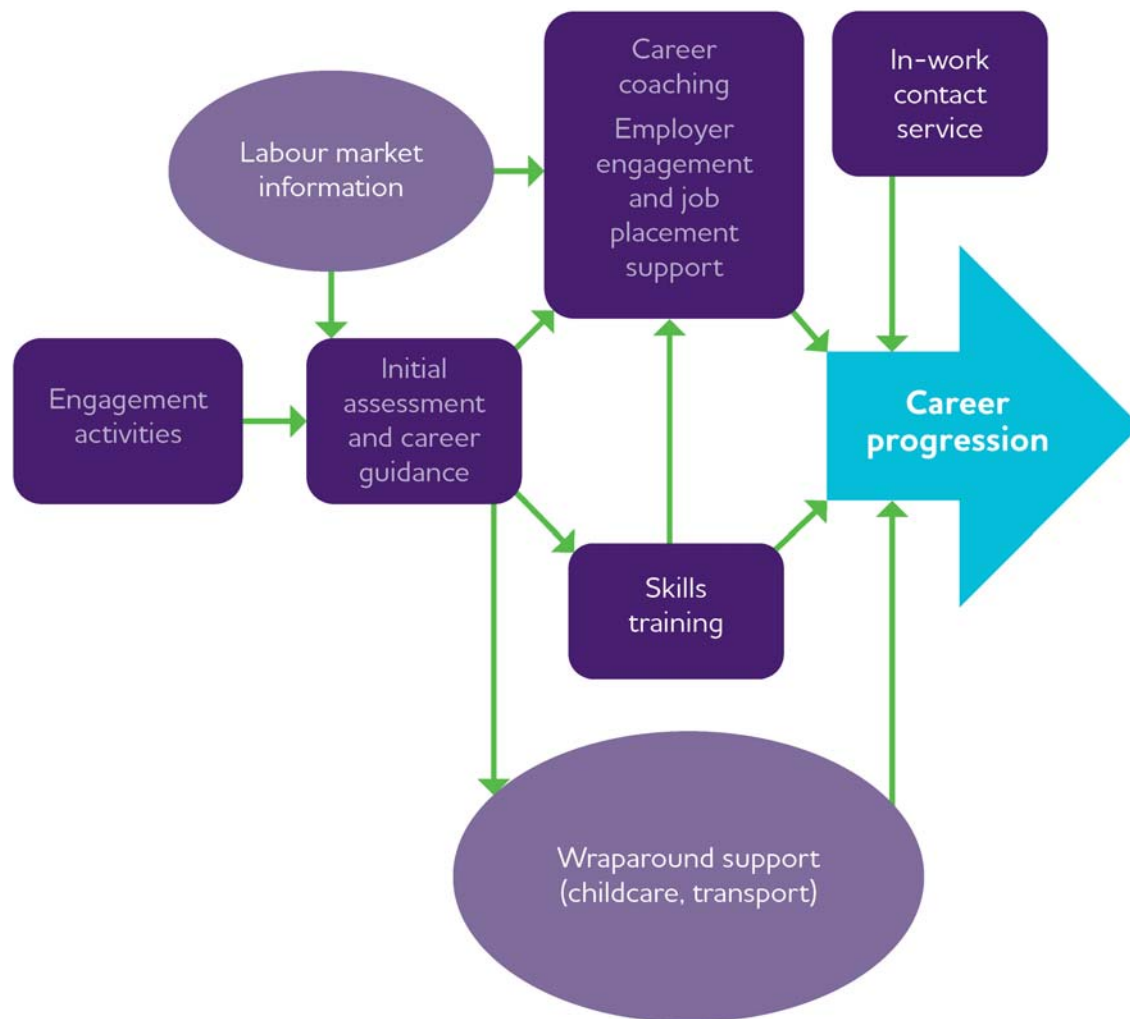


Figure 22: Logic model: LCR advancement service



Eligibility

The initiative would be targeted at workers earning less than £9 an hour (roughly equivalent to the Living Wage plus 15%) who have been in low pay for at least 12 months, and/or workers who qualify for in-work benefits (Working Tax Credits/Universal Credit). While low pay is an issue across the LCR, there may be a case to target the support initially at a limited geographical area to test the approach. The initiative would be open to workers from across sectors. Training funded through the initiative, where this is identified as a barrier to progression, would be limited to courses that meet the condition of targeting entry to sectors that offer better paying jobs and have good growth potential and/or skills gaps, or are linked to a defined advancement opportunity within the employee's current sector (which may not be identified as having growth potential).

Activities

The core strands of the initiative's activities would be:

- **Engagement:** engagement with individuals who are already in work is difficult. It is suggested a three-pronged approach is used:
 - a first strand could directly target information at those receiving in-work benefits, for example by 'piggy-backing' on information sent to claimants about benefit changes and via UC Work Coaches;
 - a second strand would utilise providers' existing employer networks; and
 - a third strand (that links to the Careers IAG initiative) would trial new ways of engaging people in low-paid work through a variety of channels, including trade unions, family learning, local community organisations, housing providers and local advertising (through newspapers, community publications, libraries, etc.).
- **Initial assessment and career guidance:** including identification of career goals, barriers to progression (and ways in which these might be addressed), action planning and use of LMI to determine next steps.
- **Career coaching:** identifying steps needed towards progression, discussion and assessment of transferable skills, and identification of skills and training needs required to access jobs at the next level of pay. A suggested three or four sessions would be available to support career development over a period of up to a year (although it is likely there will be a need for some flexibility around intensity). These would be delivered mainly face-to-face, but with flexibility around mode and hours of delivery (to fit around work commitments). This support would include provision and referrals to wraparound support (including childcare, financial planning and debt advice) to help those making a job move. A core input of the career coaching would be access to high quality LMI to guide decision-making (ensuring this is available locally will be an important input from the LEP). For individuals on UC, the career coaching staff would want to liaise with the individual's DWP Work Coach around development and progress (subject to agreement from the individual).
- **Skills training:** funded through the programme for those individuals who require it, and linked to sectors that offer access to comparatively well-paid jobs and good opportunities through growth, replacement demand and/or skills shortages, or links to an opportunity within the individual's employer or sector of employment.
- **Employer brokerage and placement service focused on employers offering opportunity for higher wages/progression:** this element would encourage deepening employer engagement activities by providers (on an individual employer or sector basis). As well as focusing on opportunities for higher wages/progression, employer brokerage services could also help identify suitable sources of labour to fill any associated replacement demand requirements at entry level.
- **Continuing in-work support:** providing follow-up support on transition to a new role or to a new job. This would support ongoing activities to ensure the individual is settled into the new role, and to improve career opportunities within the initiative's two-year time period (this contact would typically be less intensive).

Actors and stakeholders

The initiative could be delivered on a prime provider model, as has been used previously for the ESF-funded Workplace Learning programme.

Delivery of the initiative could be through employment support and/or training providers, working in partnership with specialist careers guidance services. Other important partners might include housing associations and local community organisations that could support initial engagement; Jobcentre Plus, which could make referrals to the service; and organisations providing wraparound services such as help with childcare, housing, finances, debt advice, etc. The provider would also need to deliver, or link to partners to deliver, high quality LMI in order to advise individuals effectively on career planning and specialist employer brokerage with employers. Providers' links with employers (possibly sector-specific) could be utilised to develop bespoke forms of training for employers looking to recruit employees into higher-paying jobs.

Outputs, outcomes and impact

The outputs of the initiative are additional training received, qualifications gained, number of career coaching sessions, job matching/placements, and in-work support sessions.

The intended outcome from the initiative is earnings progression among supported low-earners in the LCR. This could be measured by increases in earnings, increases in (hourly) wage, increased hours, improved contractual conditions (e.g. temporary to permanent contract) and increased responsibilities, as well as by softer measures such as job satisfaction or improved work-life balance (participation in training/achievement of qualifications may be facilitating factors here, but are not the ultimate outcomes in themselves).

The intended impact from the initiative is to improve skills and earnings progression among supported low-earners in the LCR.

The initiative would have the potential to be rolled-out more broadly if a positive impact is established. To determine this, it is important to build in a programme of robust evaluation from the outset through which the earnings increases of programme participants are compared to changes among a suitable comparison group, to assess the 'additionality' of the programme (i.e. what it is adding in excess of what individuals can achieve by themselves, or using existing provision).

Commissioning and payment model

The payment model for the provision of advancement services would be structured in three payments:

- payment 1: an 'attachment fee' linked to engagement and involvement in career planning;
- payment 2: linked to increases in earnings 12 months after completion of the career coaching programme, calculated on a sliding scale; and
- payment 3: linked to annual earnings growth over the longer term (by the third year after completion of career coaching).

The scale of the scheme is largely dependent on funding, but sufficient numbers would be required to assess impact. A potential funding stream for the initiative would be the ESF, while the adult skills budget could also be used to support some of the training activities.

Box 2: Implementation in the LCR

Funding would be required to cover career coaching and employer brokerage activities to ensure skills support is explicitly linked to opportunities for progression.

There is the potential to support the delivery model through funding from European Social Fund (ESF) element of the European Structural and Investment Funds (ESIF). There is local influence (though not control) over the spending of ESIF allocations, and a strand of funding focused on in-work/low-paid individuals could be developed to cover the core components of delivery – recruitment activities, career coaching and skills training. The job brokerage function may require additional resources to fund activities. In part of the LCR (Leeds City), one option would be develop the capacity for job brokerage in the local Jobshops, and to widen the advisory and employer engagement remit to include matching to jobs that represent progression outcomes. This approach would have the advantage of being relatively resource efficient, as well as drawing on existing knowledge of the local labour market. For those individuals on low pay and claiming UC, job-matching support targeted at progression may be available through Jobcentre Plus.

In the future there may be the potential to seek the devolution of resources to develop this delivery locally.

B) Details of Initiative 2b: sector-based approach serving employers and employees

Objective

The objective of this initiative is to open up better opportunities for progression for low-paid workers thorough developing a 'dual-customer' model of support that focuses on both employers and employees.³¹

Delivery model

Central to the delivery model is the identification and engagement of employers in sectors with high levels of demand for labour, but which also offer comparatively well-paid jobs – so enabling progression to higher earnings. The definition of well paid is a subjective judgement; the use of the current Living Wage (£7.85 at the time of writing) as a proxy is one option. The initiative would be targeted on a sector basis that allows for 1) the identification of sectors with good opportunities; 2) the development of in-depth sector knowledge and tailored training interventions by delivery agents; and 3) the ability to test the effectiveness across more than one different sector. The dual approach also links to a wider economic development aim of creating a pipeline of qualified workers, helping negate the development of skills gaps and increasing the competitiveness of local businesses. This type of sector-based approach has been trialled previously in the US, with findings suggesting that a sector-based approach can generate additional benefits (Maguire *et al.*, 2010; Conway and Giloth, 2014; Gasper and Henderson, 2014).

The initiative could be delivered by a combination of different partners, including providers of employment services, skills and training providers, and community organisations. The orientation of the delivery model is to work closely with employers to understand recruitment needs for good jobs and to develop provision to support low-paid workers to access these. As such, the core functions include assessment of applicants, job placement, careers advice, and tailored industry-focused skills and training. There are some parallels between this approach and similar models that have been adopted previously when working with employers on placing the unemployed into jobs.³²

It is recommended at first to pilot a small number of sectors. Potential candidates include:

- Financial and business services: this is a LEP priority sector; it also tends to offer comparatively well-paid jobs (although this is not universal) and has a relatively broad occupational spread. The sector is

also projected to have strong employment growth. Although much of this is in highly-skilled occupations, there is also considerable projected replacement demand across a range of occupations. The sector tends to have relatively high barriers to entry that can prevent low-wage workers from accessing job opportunities without some form of external support.

- Transport and storage is also an employment growth sector, and one of the LCR priority sectors (logistics). It is also a sector with considerable upcoming replacement demand, and compared to other sectors locally it has a comparatively high proportion of vacancies classed as skills-shortage vacancies.

Other sectors that might be considered for the initiative include construction, and health and social care. For social care, opportunities for developing such a programme may be supported by the current policy direction of greater integration of health and social care, which can open up wider opportunities for progression. The new National Living Wage may also encourage some employers to look at new methods of workforce management and development, although clearly the current financial pressures on the sector also create challenges around programme development.

The outline delivery model is set out in Figure 23. This describes:

- Employer engagement activities: making links with employers within the target sectors that have recruitment and growth needs. Employer engagement could be supported through developing an initiative steering group (aligned on a sector basis) including sector employers and employer representative bodies, or through a new intermediary body.
- Training needs assessment: employer engagement will be taken forward through industry training assessments that identify the skillsets, qualifications and certification needs that need to be met. The conversation with employers will also include issues of understanding and developing internal progression routes, and the provision of mapping career pathways in the sector.
- Employee engagement activities: recruiting individuals onto the programme.
- Screening and assessment: the programme is focused on those who require additional vocational skills to access better-paying opportunities, and who are likely to be able to complete the training required.
- Careers advice and guidance: providing individuals with relevant LMI and guidance to inform decision-making about advancement.
- Industry-focused skills and training: this is a core element of the initiative, which provides individuals with skills tailored to particular employers or the wider sector (including accreditation or a licence to practice requirements for entry and advancement). Other support will also be available covering broader employability skills.
- Job placement: support for individuals to access opportunities in target sectors linked to sector employer recruitment.

The logic model underpinning the initiative is set out in Figure 24.

Figure 23: Support for individuals to progress – sector-based approach: delivery model

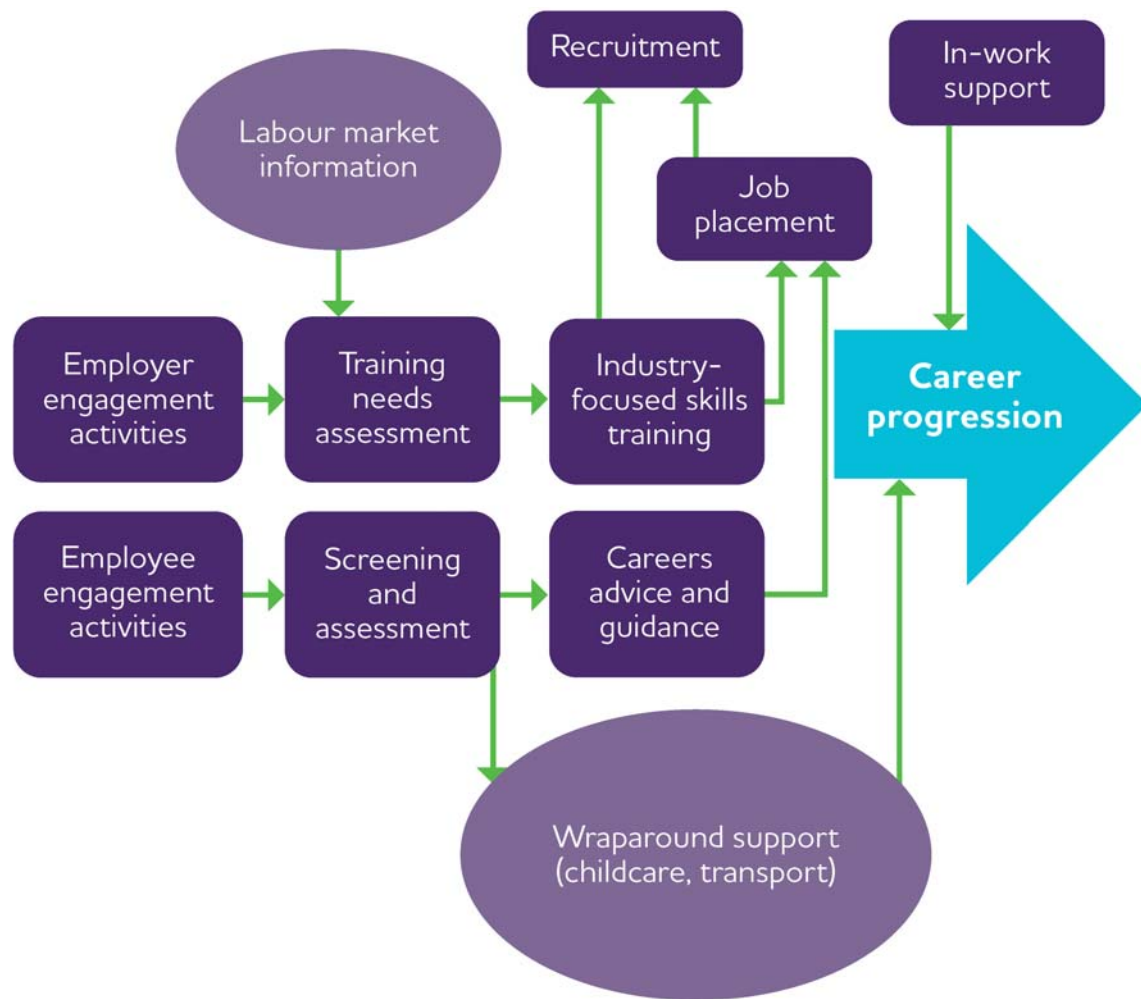
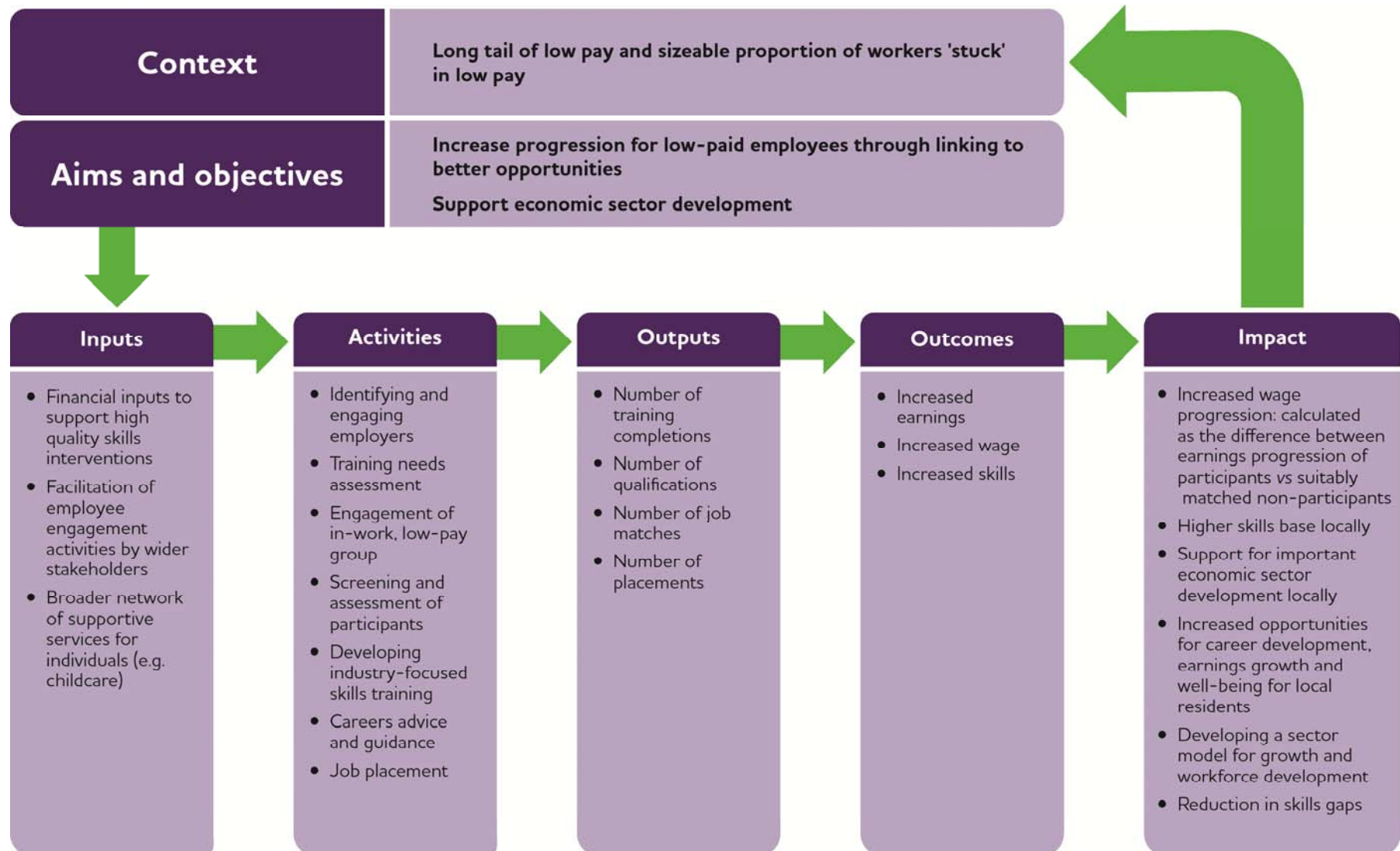


Figure 24: Logic model: sector-based approach



Eligibility

The initiative would be targeted at workers on low wages as well as those who are unemployed. Low wages would be defined as those less than the current Living Wage.³³ The initiative would be targeted at those who are job-ready, but who require additional vocational skills to access better-paying opportunities (this will be assessed at initiative entry). For those referred who have pre-employment or basic skills needs, a further referral will be made to other local provision providing these.

The employers engaged would be in the target sectors – e.g. financial and business services, and transport and storage (logistics) – and offering vacancies (of at least 12 months' duration).

Activities

The core strands of delivery would be:

- **Building employer engagement:** initiative success is dependent to a significant extent on the success of employer engagement activities. Therefore building strong industry linkages is critical; important partners would include sector employers and employer representative bodies. This could include the creation of a new intermediary body or industry partnership aimed at developing the sector locally. The initiative should develop as a hub for recruitment and skills needs, as well as incorporating wider information and business support.
- **Engagement and assessment of individuals:** methods of engagement with individuals could include:
 - a first strand to directly target information at those receiving in-work benefits;
 - a second strand to trial ways of engaging people in low-paid work through a variety of channels, including trade unions, family learning, local community organisations and local advertising (through community publications, libraries, etc.);
 - a third strand, for those out of work, to come from direct referrals from Jobcentre Plus and other providers of employment services; and
 - individuals would also be assessed on initiative entry, to ensure they have the capability to complete the training but are not so highly-skilled that they do not require the support offered. Individuals with pre-employment needs would be referred to other provision in the first instance.
- **Careers advice and guidance:** provision of careers advice and guidance is an important element in supporting individuals to make informed choices about skills, training and job applications. These sessions would identify training needs matched to available provision for vocational-based training. A core input here would be quality LMI, including that developed with employers in the sector relating to career ladders within organisations and across the sector, and to areas of growing opportunity. Other skills needs, such as support with job applications, will also be covered in these sessions (with a suggested three or four sessions per individual).
- **Building industry-focused skills training:** the training would be linked to vacancies that employers in the target sectors are creating, and can be used to address a particular skills need or gap within businesses. The training offer would be vocationally orientated and would be developed in partnership with employers. The training may be co-delivered by the employer or use the employer site for training, where appropriate. The training provision would need to be sufficiently technical to appeal to employers. This requires funding training in intermediate level skills that are increasingly outside publicly funded training provision. Examples might include commercial driving training or mechanical technician training. Training would also need to be delivered flexibly in cases where individuals need to fit attendance around existing work commitments.
- **Job placement:** job placement activities would be in the form of advisory support for applications to jobs in the target sectors. Support would include application writing and interview coaching.

- **Continuing in-work support:** providing follow-up support after transition to a new job for ongoing activities to improve career opportunities (this contact would typically be less intensive. e.g. by phone).

Actors and stakeholders

The initiative could be delivered along a prime provider model. This organisation could be a provider of skills and training services, and would need strong links with sector employers and be respected by the industry. The broader institutional structures of delivery are also critical. This could include setting up a steering or strategy group, or a new intermediary body, to encourage integration and engagement with target sectors. A strategy group model could consist of representatives from delivery organisations as well as from industry (individual employers and trade bodies). More broadly, employers and representative bodies of target sectors have a central role in developing training and skills provision to ensure it meets sector recruitment needs. Careers advice and guidance functions might be undertaken in-house where providers have expertise, or might involve accessing specialist provision.

For the provider (or intermediary body) to become a trusted and valued stakeholder in the sector, they should also develop expertise and links to wider support for the sector, such as business support activities. For example, this could include links to access to finance for growth provided through the LCR LEP grants available to SMEs.

Other partners include those who can support initial engagement or referrals such as housing associations, local community organisations and Jobcentre Plus, as well as those providing wider wraparound services that individuals might require.

Outputs, outcomes and impact

The core outputs of the initiative are the additional industry-focused training received and the number of job placements. Additional outputs include the number of career advice and guidance sessions and in-work support sessions.

The intended outcome from the initiative is greater progression among supported low-earners in the LCR, as measured by (hourly) wages, more secure employment and improved job satisfaction.

The intended impact is to improve progression among supported low-earners, to grow the target sectors locally, and to establish an effective sector model for growth and workforce development that increases the number of good jobs.

Commissioning and payment model

The payment model would be structured as:

- payment 1: an 'attachment fee' linked to engagement, assessment and screening;
- payment 2: linked to careers advice and guidance;
- payment 3: for provision of industry-focused training;
- payment 4: linked to increases in pay rates 12 months after completion of the career coaching programme, calculated on a sliding scale; and
- payment 5: linked to annual wage growth over the longer term (calculated as wage growth experienced by the third year after training).

Box 3: Implementation in the LCR

The skills provision of the initiative could potentially utilise funding from the adult skills budget, although where initiatives of this type have been developed elsewhere, the level of training provided can be higher than that typically provided through publicly funded skills provision (and it is recognised that the adult skills budget has been reduced in size). The delivery model may therefore require additional local ability to bend existing national funding streams such as the adult skills budget and National Careers Service to programme activities, in particular providing more discretion to fund particular types of technical and occupational skills training that are linked to job opportunities. Funding and opportunities could also be utilised from existing local programmes – in particular the work of the Skills Service. The Skills Service is an advisory service that helps identify businesses' training needs in 'priority sectors', and which can provide co-funding to address these. The European Social Fund (ESF) element of the European Structural and Investment Fund (ESIF) funding could also be used to support delivery. However, to deliver the model in full, funding would be required to resource employer engagement/capacity building and job placement activities. Potential future iterations of the Employer Ownership of Skills initiatives might also present an avenue to develop this type of approach, and would provide an opportunity to work closely with sector employers.

In the absence of additional resources and the development of a programme model, the delivery of the Skills Service might be modified to help support progression outcomes in other ways. The Skills Service has an employer engagement remit, and works on training needs assessment with employers. A 'light touch' change could see service delivery staff raising the possibility of funding training for employee progression with employers and identifying ways in which businesses might benefit (for example, addressing skills shortages or reducing turnover). A more structured approach would be to ring-fence a proportion of the funding for skills support that is linked to progression outcomes.

Initiative 3: Career opportunities for part-time workers – an employer-facing initiative to shape workplace practices to improve earnings progression for low-paid, part-time workers

A) Background

Introduction

This proposed initiative seeks to engage with employers in sectors that employ large numbers of low-paid, part-time workers,³⁴ to improve workplace practices in order to facilitate earnings progression for such workers. It comprises an employer-facing service, aligned with existing business support services available in the LCR (e.g. the LEP Skills Service), that would engage employers in order to promote the spread of good workplace practices facilitating job quality and progression for low-paid, part-time workers. This would be achieved through two complementary strands of activity (that could be undertaken independently):

- promoting the business benefits of developing part-time talent in the workplace through developing an employer network to champion the issue; and
- the provision of specialist practical advice and support to businesses that wish to make changes to the career development opportunities they offer to part-time workers.

Summary of relevant learning from previous initiatives

Evidence on types of employer practice that enable progression of low-paid staff suggests that the following elements are important (Wilson *et al.*, 2013; Devins *et al.*, 2014):

1. Management and support systems, including:

- a. a commitment from senior managers to staff progression;
 - b. strengthening internal labour markets through mapping lower-level job roles and linking them to learning/development opportunities and progression pathways;
 - c. a systematic approach to HR (e.g. assessments and annual reviews to provide opportunities for staff to discuss progression); and
 - d. employer support for staff learning and development (e.g. paid time off for training).
2. Staff culture and behaviour, including communication of opportunities to all staff; informal peer support mechanisms (e.g. coaching and mentoring); and workplace champions to develop, implement and sustain progression; and
 3. Company factors (e.g. business size, growth, staff turnover, etc.), which influence the structural opportunities for internal progression.

These factors are relevant for all low-paid staff, but part-time workers face additional difficulties because they are less likely to be offered/take up training/development opportunities, and fewer higher-paid jobs are available on a part-time basis. Hence a specific focus on creating meaningful progression pathways for part-time staff, as well as ensuring that part-time staff have equal access to the pathways that are available, is important.

The government-funded **Quality Part-time Work Fund**, which ran between 2007 and 2009, provided funding to support new initiatives aimed at achieving culture change in organisations that would enable more higher-paid jobs to be open to flexible and part-time working. Several initiatives were trialled, including the development of toolkits and case studies to support managers in implementing quality part-time work; coaching and mentoring for senior part-time women; and increasing the availability of part-time senior jobs through changes to job design. Good practice identified (Lyonette and Baldauf, 2010) included:

- accurately diagnosing the organisational issues/challenges and developing tailored solutions;
- identifying and promoting senior role models in the organisation;
- training operational/line managers in managing part-time workers effectively and enabling their staff to progress;
- disseminating available part-time posts widely;
- reviewing and disseminating HR policies, to ensure that all posts are advertised as available on a part-time/flexible basis; and
- effectively selling the business case to senior management.

Evidence of need for the initiatives

Some of the key sectors in the LCR in terms of future employment expansion have a heavy reliance on low-paid, part-time positions (e.g. social care, retail and hospitality). While part-time work enables people to combine family responsibilities with paid employment, and also helps employers to manage fluctuations in demand for services, part-time workers are also among those most likely to get stuck in low pay and are over-represented among households in poverty (Hurrell, 2013; Ray *et al.*, 2014). Those who predominantly work part time are also much less likely to progress out of low pay over time than full-time workers (Hurrell, 2013). This reflects a lack of career progression routes for part-time workers; for example, part-time work is associated not only with lower wages, but also with fewer training and development opportunities and less job security (Lyonette and Baldauf, 2010; OECD, 2011). This partly reflects a lack of career progression routes for part-time workers; indeed, research shows that jobs at higher levels of pay are much less likely to be advertised as part-time or flexible (Timewise Foundation, 2015).³⁵ Consequently, part-time workers in low-paid occupations may not aspire to progress, fearing that it will jeopardise their ability to work reduced hours or will result in

additional responsibilities for limited increases in pay (Kumar *et al.*, 2014; Hay, 2015). In retail and hospitality, jobs at intermediate and higher levels (especially at supervisory levels) often require long hours and flexible or shift patterns of working, which may not be possible for part-time workers (Tomlinson, 2006; Devins *et al.*, 2014). However, an individual's appetite for progression is partly shaped by their workplace context and the opportunities (perceived to be) available, and can alter should opportunities become more accessible (Ray *et al.*, 2010). There is also a gender dimension: women are significantly more likely to work part time and to be low-paid than men.

A lack of part-time or flexible work at higher pay levels results in a significant amount of non-employment or underemployment, and thus a waste of talent and skills (Holmes *et al.*, 2007; Lyonette and Baldauf, 2010; Timewise Foundation, 2013). Potentially, enabling the development of part-time talent in the workforce can result in business benefits such as improving quality and service, tackling skills gaps, supporting organisational growth through developing a 'talent pipeline' and boosting productivity (Devins *et al.*, 2014).

Policy context

There has been limited emphasis on work organisation and job design issues in improving earning opportunities for low-paid workers in national employment and skills policy (Wright and Sissons, 2012). But there are an increasing number of national initiatives that focus on this issue. For example, recent UK Futures Programme³⁶ competitions targeting specific workforce development challenges are relevant to low-paid, part-time workers (e.g. competitions focused on improving progression pathways in retail and hospitality, and on identifying workplace solutions to the gender pay gap). Work with employers on workplace practices is also being trialled by DWP as part of a series of in-work conditionality pilots, associated with UC rollout.

Within the LCR there are a range of business support functions, including the LEP Skills Fund and Skills Service, and Apprenticeship Hubs, but currently no business support services focus specifically on facilitating progression for workers in low-pay sectors or improving opportunities for part-time workers. This proposed initiative is envisaged as a specialist service providing support to businesses, to make changes to workplace practices that better facilitate the career development of low-paid, part-time staff. It would sit alongside and align with existing business support services, in order to capitalise on, and further strengthen, existing networks of employer engagement in the LCR.

The intention would be for the initiative to run as a pilot scheme initially, with the learning from it informing the future development of business support services in the LEP, as well as national-level policy.

B) Details of the initiative

Objective

The objective is to open up better opportunities for progression for low-paid, part-time workers through developing a business support function that informs, advises, supports and challenges employers in low-pay sectors to make changes to workplace practices, in order to support earnings progression for part-time workers. A wider aim is to improve the competitiveness of businesses in these sectors.

Delivery model

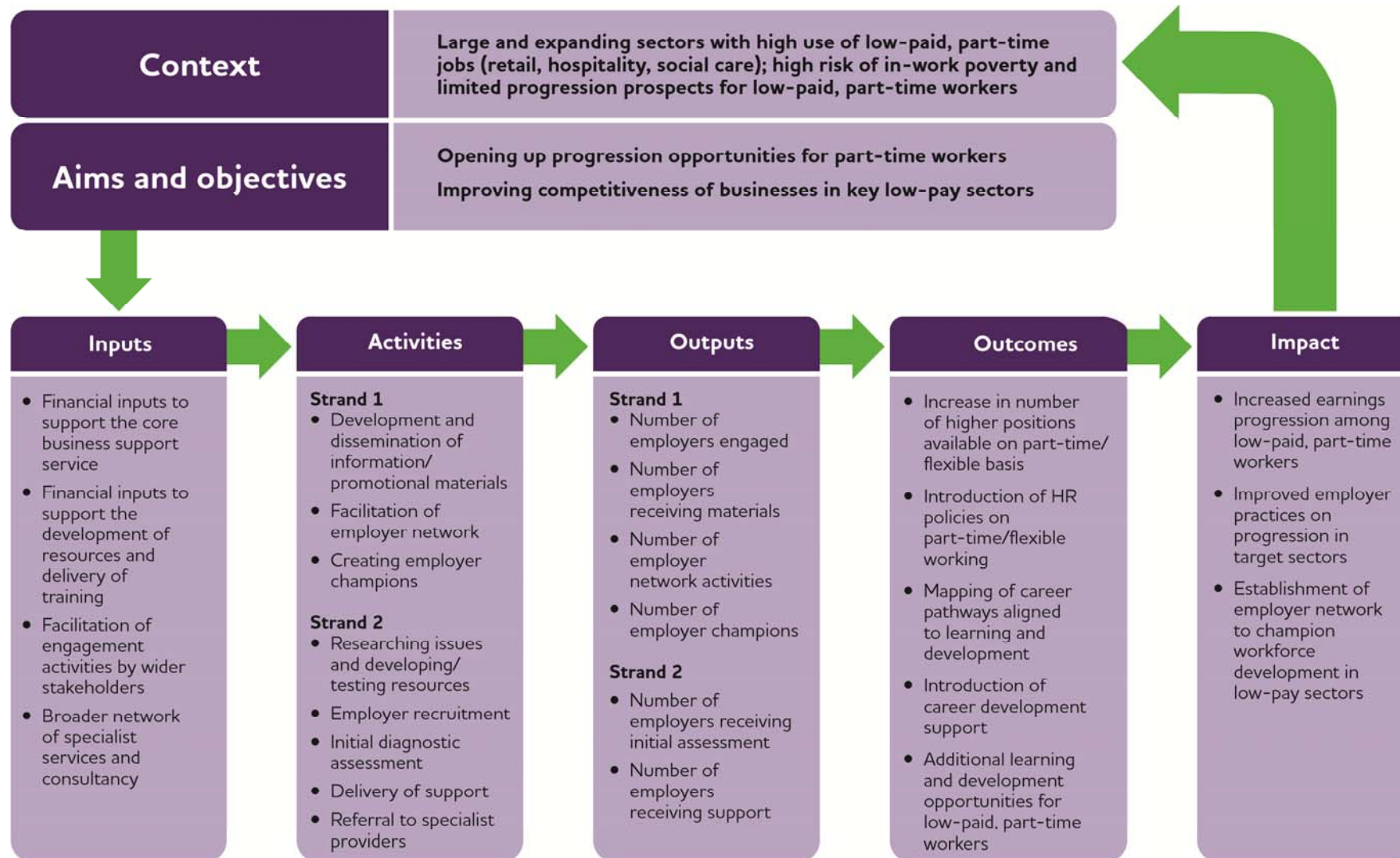
The core of the delivery model is to provide a business support service that would engage employers in key low-pay sectors, and provide advice and support to promote workplace practices that enable better career development for low-paid, part-time workers. The service could be delivered by business support organisations, working in partnership with employment and/or training providers, and drawing in specialist services where needed, such as sector-specific consultants, sector skills councils, etc.

There are two strands of delivery that are complementary and could be delivered independently:

- **Strand 1** comprises lower intensity activities, seeking to provide information and publicity to generate buy-in to the issue of part-time talent management among local businesses in target sectors, primarily through developing a business network of champions that supports peer-to-peer learning.
- **Strand 2** comprises more in-depth support to individual businesses that want to alter their workplace practices to improve progression opportunities for part-time workers. Given that this kind of support is not currently available in the LEP, it is recommended that this strand begins with a research and development phase to assess business need, and to develop and test tools and resources collaboratively with businesses.

The logic model that underpins the initiative is provided in Figure 25.

Figure 25: Logic model: business support service supporting part-time career progression



Eligibility

The initiative would be targeted at businesses in sectors with a large number of low-paid, part-time workers (e.g. social care, retail and hospitality). There may be a case to target a couple of sectors for an initial trial, to build up specialist sector knowledge and to test the model's effectiveness, before rolling it out to a wider range of sectors.

All businesses in these sectors would be eligible to access the service and use the resources available, but some of the more resource-intensive aspects of delivery would be reserved for businesses that could not otherwise undertake the activity, to reduce deadweight costs. Business size is the easiest proxy to use for this, so it is suggested that some aspects of delivery (e.g. fully funded training) would be accessible only to smaller businesses (with fewer than 250 employees). The impact of this type of targeting could be examined in the pilot phase and altered for the wider rollout as necessary.

Activities

The core activities within each strand of work include the following.

Strand 1 – promotion of part-time talent management:

- Development and promotion of information materials (case studies, fact sheets, vignettes, etc.) to develop awareness of good practice and the business benefits of part-time talent management tailored to different groups of stakeholders, e.g. business leaders, managers, supervisors, union representatives, trainers and workers.³⁷
- Dissemination of information and publicity materials through existing business networks (e.g. the Chamber of Commerce, the LEP's business network, trade bodies, sector skills councils, sector-based work academies) and building on LEP expertise in running business-to-business campaigns.³⁸
- Developing an employer network to share experience and learning on part-time talent management (e.g. via hosting a web forum and a series of themed events).
- Creating a network of employer champions through e.g. an award scheme for good practice.³⁹

Strand 2 – promotion of advisory support:

- Commencing with a research and development phase comprising:
 - engaging businesses in target sectors in discussions regarding their talent management practices for part-time staff, the challenges faced and their support needs; and
 - the development and testing of a range of resources to support improvements in workplace practice (e.g. best practice guides, toolkits and the design of training materials tailored to different types of business, e.g. SMEs, and staff groups, e.g. line managers and HR professionals).
- Recruitment of employers to the service – utilising networks established as part of Phase 1 and Strand 1 activities, and receiving referrals from existing business support services. e.g. the LEP Skills Service, Jobcentre Plus, Chambers of Commerce.
- Initial assessment of business needs by the provider (initial telephone consultation with more in-depth, face-to-face consultation where appropriate), which would identify organisational challenges and business benefits, with potential goals and practical solutions identified.
- Provision of advice and support by the provider, making use of tailored resources developed for the programme and referral to external specialist support services where needed. This could include:
 - delivery of training, for example in talent management for part-time staff or facilitating quality part-time work. Businesses could select from off-the-peg or bespoke courses, targeted at a range of staff groups (e.g. senior managers, line managers, employees and

- HR professionals). Examples might include: senior manager workshops to build a business case for change, identify changes required in procedures, practices, culture, etc. and develop an action plan; and line manager training identifying management competencies and areas for development; and
 - use of online toolkits and other materials for managers and employees to work through in supporting organisational change.
- Light-touch, follow-up support (mainly virtual or by phone) to help ensure that practices are effectively embedded in the workplace.

Actors and stakeholders

The initiative could be delivered using a prime provider model. The provider could be a business support provider, a provider of skills and training services, or a partnership. The provider would need to show evidence of good links with sector employers and work in partnership with a range of stakeholders including employers, employer bodies, trade bodies, sector skills councils, trade unions and the LCR Skills Network, in order to develop the resources and support offer to meet sector needs. The provider should also be well networked and be able to cross-refer employers to other forms of business support where needed, e.g. the LEP Skills Service and Apprenticeship Hubs.

Outputs, outcomes and impact

The outputs are:

- Strand 1: the additional employers engaged, the distribution of promotional/informational resources, employer network activities and employer champions created.
- Strand 2: the additional employers in target sectors engaged in receiving support and advice; the assessment sessions held; and the support delivered, e.g. training, workshops and consultancy.

The intended outcomes are changes in workplace practices that support low-wage, part-time worker progression. Outcomes would be specific to the businesses concerned, but could include:

- an increase in the number of higher-level positions available on a part-time or flexible basis;⁴⁰
- introduction of HR policies on part-time, flexible working;
- mapping of career pathways aligned with learning and development opportunities;
- introduction of new career development support structures (such as regular development reviews, coaching or mentoring schemes); and
- additional training opportunities for part-time workers.

The intended impacts of the initiative are to increase earnings progression among part-time low-earners, to improve workplace practices around progression in the target sectors locally, and to establish an employer network to champion workforce development issues in low-pay sectors.

The initiative is envisaged as a pilot to run on a trial basis with evaluation alongside. The findings would inform future iterations of the service and future development of business support services in the LCR more widely. A robust impact assessment would be impractical because of the difficulty in finding an appropriate comparator group of employers. However, a light-touch process evaluation, commissioned alongside the service, could help understand which elements of provision worked, and worked together, most effectively, alongside analysis of business data on outcomes,⁴¹ and learning events to share good practice and improve delivery.

Commissioning and payment model

The service would be commissioned on a LEP-wide basis, aligning and building on other elements of business support already available.

Given that this is a new and relatively untested service, it is inappropriate to use a payment-by-results model, as there would be too much provider risk. Rather, it should be that providers would be paid for their outputs, with some additional incentives for engaging 'harder to reach' employers. Suggested payments would be for:

- number of businesses engaged in target sectors (i.e. that participate in an initial diagnostic session):
 - with differential payments for smaller and larger businesses (e.g. a larger payment for engaging an SME with fewer than 250 employees); and
 - bonus payments for hard-to-reach businesses (this could be operationalised as employers who were not Investors in People accredited and who have not engaged in vocational training leading to a qualification in the last 12 months).
- number of training sessions, workshops, etc. delivered.

Box 4: Implementation in the LCR

It is unlikely that the proposed service could be funded out of existing skills budgets in the LCR, or that further devolution of central government funds will result in new money to fund such a service. However there are elements of the service described above that could be delivered within existing budgets or with new funds currently coming on stream:

1. There is an overlap between the diagnostic and advice service to businesses on part-time talent management proposed here, and the service currently offered to SMEs through the LEP's Skills Service and Growth Service, which supports businesses in the identification and sourcing of skills provision to help grow their business. Hence it may be possible to make relatively minor changes to existing provision to deliver some elements of the model.
2. It is possible that some elements of the proposed model could be commissioned as part of the ESIF-funded strand on Skills Support for In-Work Claimants. The main beneficiary of ESIF provision must be individuals rather than businesses; however, it is possible that the initiative could be designed in such a way that it has a dual recruitment route through employees and employers. The employer engagement route might also involve an advice and diagnostic service focusing on opening up progression pathways within the business engaged.

These two aspects are discussed below.

Modifications to the LCR Skills Service

The LEP Skills Service aims to help businesses identify their skills needs, based on their growth objectives, and then finds the right training solutions. The service does not advertise specific training courses to employers because it is intended to be a demand-led service, with employers' skills needs driving a demand-led response from training providers. However, a range of training can be provided, including training on (part-time) talent management. To date there has been take-up by businesses of mainstream courses on management and leadership, but not specifically on talent management and progressing staff. Hence one modification to the existing service could be for the Skills Service to encourage take-up by businesses of this type of provision through their marketing and engagement activities.

One caveat to note is that the Skills Fund will only match-fund training for SMEs that are in one of the LEP's priority sectors (i.e. manufacturing and engineering, low carbon and construction, creative and digital, finance and business, hospitality and tourism, medical technology and transport/logistics). This means that some sectors with a heavy reliance on low-paid, part-time positions (e.g. social care, retail and hospitality) are not eligible to receive funding. But they are eligible to use the Skills Service, which includes help to source appropriate training and providers; identify co-funding to support business investment; and guide businesses through the complexities of sourcing new or existing provision.

Funding business support in low-pay sectors through ESF

The ultimate beneficiaries of the proposed initiative are low-paid, part-time workers, with the aim being to improve their earnings in the long run. Low-paid (including part-time) workers are also the key beneficiaries of the ESIF-funded strand on Skills Support for In-Work Claimants. It is proposed that a scaled-down version of the advice and support service described above could be delivered using resources from the ESF element of the ESIF programme. This is best achieved through designing the service with a dual recruitment route through individuals and employers. This would comprise:

- reaching out to low-paid workers directly (through trade unions, employment support providers, community organisations, housing providers, etc.); and
- recruitment of employers who wish to progress their low-paid staff.

The engagement of employers would then provide an avenue for the delivery of business support to facilitate progression. The core element of the ESIF provision would be the advice and support offered to the individual worker, as the key beneficiary, but given that employers are likely to need a 'hook' to engage with the service, it is proposed that support is also offered to those employers that engage to help them use the programme to meet their business needs. This might entail the provision of 'light-touch' guidance to employers – e.g.:

- advice and support on making the business case for progression; and
- implementing management and support systems to support progression, e.g. mapping lower-level job roles and linking them to learning and development opportunities and progression pathways; and implementing procedures for managers to have conversations with staff about their progression aspirations and opportunities.

This would facilitate employer engagement and use, resulting in benefits to the business and better (progression) outcomes. Businesses with a high proportion of low-paid, part-time staff, but which are ineligible to access the LEP Skills Fund, could be targeted for this support.

Overview and next steps

The package combines proposed initiatives that individually and/or together focus on:

- **individuals:** especially low-paid employees, which means that there are challenges for (initial and continuing) engagement;
- **employers:** bringing issues of engagement through employer networks and employer brokerage activity;
- **sectors:** for some initiatives a specific sectoral focus is recommended, and in other instances a need for cognisance of sectoral specificities is appropriate in policy implementation; and
- modifications to **design features of an existing service** (e.g. Initiatives 1 and 3) – which require stakeholder buy-in at local and/or national levels.

Some of the initiatives combine a number of different elements, including local LMI, careers advisory and guidance services, coaching and training. They take account of current policies, structures and resources in the LCR, and so also involve modification of and/or links with existing services, so necessitating sound referral mechanisms and signposting. Several policy actors are involved, including the LEP/combined authority, local authorities, education and training providers, and employer bodies, as well as individuals and employers. In practice it is clear that policy initiatives need to take heed of the dynamic policy context, where key relevant policy developments include the rollout of UC, a reduced adult skills budget and the introduction of a NLW. However, while taking account of current policies, structures and resources in the LCR, the proposed initiatives are not necessarily constrained by them; rather they seek to be aspirational, in the sense of raising ambition and providing ideas and new approaches intended to achieve step change in addressing progression from low pay.

Hence in terms of timescales, some of the initiatives could be implemented relatively quickly. However, development of new services often involves additional funding, which is challenging given ongoing budget reductions. A possible source of ‘new’ monies is ESIF, and some initiatives presented here have informed commissioning discussions in the LCR. Other initiatives involve working outside the existing infrastructure and developing new models, or setting up a commission to inform the shape of future service provision, and so would involve a longer timeframe.

It is proposed that some of the initiatives run as pilots, with evaluation activity built in from the outset. A ‘test and learn’ philosophy could help provide early learning and inform any subsequent rollout on a larger scale.

4 Implications for stakeholders and future considerations

This chapter discusses the implications of the findings and proposals set out in previous chapters for local stakeholders (first in broad strategic terms, and second in terms of practicalities in the Leeds City Region at the time of writing). It then outlines the role of a sectoral perspective in policy. Finally, it sets out considerations for the future.

Implications for local stakeholders

Strategic considerations

At a strategic level, in addressing in-work poverty local stakeholders need to develop a framework for progression-focused employment and skills initiatives pertinent to the needs of employers and local residents. Such a framework needs to address both supply and demand issues, in accordance with their inter-relationships; hence initiatives need to address the needs of both individuals and employers. A focus on the demand side (employers) is important, because weak employer demand for skills and the way that skills are used in the workplace are important factors in low-wage employment (Payne and Keep, 2011). Where demand for skills is low and individuals' skills are not fully utilised, productivity is undermined – and the quality of local jobs in terms of salaries, job security and the possibility for career progression is limited.

A range of local actors and institutions have a role to play in the development and implementation of a framework for progression-focused employment and skills initiatives, given the need to work across the policy domains of employment, skills, education, training and economic development (OECD, 2014). Partnership working at local level is likely to embrace:

- **economic development agencies, LEPs and combined authorities:** with a key role to play in improving local productivity and competitiveness through setting the strategic framework, and through capital investment;
- **colleges, private-sector training providers and universities:** can play an important role in helping individuals and local employers/sectors to better access, develop and utilise skills;
- **trade unions:** can work in partnership with employers and training providers to encourage participation in workplace learning and skills development, and so help raise labour productivity and skills utilisation while also improving wage levels and working conditions;
- **employers' and trade associations:** can help employers, particularly SMEs, to 'raise their game', through developing trust-based relationships between firms that stimulate knowledge sharing and collaborative investment (e.g. in apprenticeships/ other training);
- **local authorities:** have an overview role, which makes them natural brokers and catalysts for bringing together those involved in both skills supply and skills demand in a local economy. They can lead by example in training, skills utilisation and remuneration policies, and can leverage good practice from suppliers through procurement policies (many of these points also apply to public sector bodies more broadly);
- **employment service providers (public, not-for-profit and private):** can ensure that they prioritise matching people to jobs that are commensurate with their skills, and that provide opportunities for career progression – work coaches and careers advisers have a particularly important role here; and
- **sectoral bodies:** can ensure that employment and skills initiatives focused on specific sectors are effective, through deep engagement with those sectors.

Implications for stakeholders in the LCR

For the initiatives set out in Chapter 3 to be implemented in the LCR, it will be necessary to take some or all of the following steps:

1. harness the interest and commitment of local stakeholders;
2. build on existing interventions;
3. access extra financial resources; and
4. effect changes in current budget streams.

In general, 1 and 2 can be undertaken in the short term. Accessing additional financial resources (3) and achieving changes in current budget streams (4) will be challenging and will depend, in part, on the longer-term potential of any future devolution deals.

Table 6 summarises how the initiatives in Chapter 3 could be implemented progressively using steps 1–4 above. It shows that there is some scope to implement elements of the initiatives through building on existing interventions in the LCR. To make a step change towards the more aspirational elements of the initiatives, however, it would be necessary to access extra financial resources and have greater control over budget streams through further devolution. With regard to extra financial resources, the main source of ‘new’ money that potentially could be utilised to help implement interventions is the ESIF Local Responsiveness Programme: Skills Support for In-Work Claimants. In September 2015, the LCR requested further devolution of budgets, including for business support, further education, employer-led skills investments and DWP programmes targeting worklessness. If successful, this would further enhance the capacity of the LCR to implement the proposed initiatives through rechanneling existing budgets.

Table 6: Summary of implications of proposed initiatives for LCR stakeholders

Proposed initiative	a) Harness the interest and commitment of local/national stakeholders	b) Build on existing interventions in the LCR	c) Access extra financial resources	d) Greater control over budget streams
1. Careers IAG for low-paid workers	<ul style="list-style-type: none"> • LEP • trade unions • housing providers • UC Work Coaches • NCS providers • SFA • BIS 	<ul style="list-style-type: none"> • Skills Network • better informed choices 	<ul style="list-style-type: none"> • ESIF to pilot low-wage worker engagement activity 	<ul style="list-style-type: none"> • revised focus for NCS payment model and delivery to better serve low-wage workers
2. In-work progression for low-paid workers	<ul style="list-style-type: none"> • DWP – UC Work Coaches • housing providers 	<ul style="list-style-type: none"> • ESF Workplace Learning • harness training providers in existing employer networks 	<ul style="list-style-type: none"> • ESIF Skills Support for In-Work Claimants 	<ul style="list-style-type: none"> • wider rollout through devolved budgets
a) Advancement service for individuals	<ul style="list-style-type: none"> • providers of wraparound services • develop links to Proposed Initiative 1 	<ul style="list-style-type: none"> • develop capacity of local Jobshops – widen adviser and employer engagement remit 		
b) Sector-based approach involving employers and individuals	<ul style="list-style-type: none"> • employers/ employer organisations • sector bodies • trade unions • LEP • colleges/training providers 	<ul style="list-style-type: none"> • Skills Service • Sector-based Work Academies 	<ul style="list-style-type: none"> • ESIF • UKCES' Employer Ownership of Skills 	<ul style="list-style-type: none"> • develop service through local ability to 'bend' skills budgets
3. Career opportunities for part-time workers	<ul style="list-style-type: none"> • employers/ employer organisations • LEP and local authority business networks • chambers of commerce • trade bodies • sector skills councils • sector-based work academies 	<ul style="list-style-type: none"> • Skills Network • Skills Service • LEP Skills Fund • Apprenticeship Hubs 	<ul style="list-style-type: none"> • ESIF Skills Support for In-Work Claimants 	<ul style="list-style-type: none"> • develop advisory service through devolved business support/skills budgets

In summary, it is proposed that the LCR consider the following steps for implementing the initiatives outlined in Chapter 3.

Building on existing interventions

- Refocus the LEP Skills Service and Skills Fund to play a greater role in supporting employers with progressing their staff. Employers accessing the fund could be provided with information on the business benefits of progression and guidance on workplace practices that facilitate this. The service could also increase the take-up of training on (part-time) talent management (including for part-time staff) through marketing and engagement activity. A further step would be to ring-fence a proportion of the funding available to employers for skills support that is clearly linked to progression outcomes.
- Work with Jobshops (in Leeds City) to develop the capacity for job brokerage and widen their advisory and employer engagement remit to include matching to jobs that represent progression outcomes.
- Convene a forum to consult with local careers service providers on ways to facilitate engagement with low-wage workers, and on the role that IAG services might play in supporting low-wage worker progression. The forum could feed back findings to national policy leads with a view to securing additional resources to implement any recommendations in the longer term.

Accessing extra financial resources

The best opportunity (at the time of writing) for additional funding is the ESIF In-Work Claimants strand. This could be used to fund the core elements of Initiative 2a: an individual worker advancement service. Funding should cover the core elements of the initiative, including career coaching, skills training, wraparound support and employer brokerage. Additionally, a dual recruitment route could also implement aspects of Initiatives 1 and 3, as follows:

- **Individual worker route:** funding could be allocated to the NCS (or other) provider to fund innovative outreach and engagement of low-wage workers and provision of tailored careers advice, with signposting onto the advancement initiative.
- **Employer route:** funding could be allocated to employer engagement activity designed to recruit employers onto the initiative who would identify staff requiring training/development. This activity should also involve an advisory/support function to encourage employers to link skills development to progression outcomes, and to consider the development needs of part-time staff.

Using future devolved budget streams

Further devolution of business, skills and employment support budgets to the LCR could provide scope (through the repurposing of existing budgets) to develop new initiatives in full, including:

- a careers service that enables a step-change in provision for low-paid adults, with advisers who have specialist knowledge of progression routes into skilled and better-paid work;
- a wider rollout of the individual worker advancement service, subject to favourable evaluation results from an ESIF trial;
- a sector-based advancement service, targeted at sectors with high demand and well-paid jobs, providing industry-focused skills and training for low-wage workers and/or unemployed people to access those industries; and
- a business support service (integrated with other business support functions) focused on developing better progression practices at the workplace level, including for part-time workers.

The role of a sectoral perspective

Employment and skills initiatives are increasingly focused on specific sectors identified as being of strategic importance to a local economy in value-added terms. Attention also needs to be paid to sectors that are of local importance in terms of volume of employment. Sectors with large future employment requirements in the LCR (and many other city-regions) are: health and social work (especially residential care), the wholesale and retail trade sectors (notably retail), professional services, accommodation and food services, and construction. A sectoral approach enables a combined focus on business, employment and skills needs, and can help to prioritise resources and catalyse effective partnership working. Of course, a focus on specific sectors needs to be balanced against broader promotion of economic diversity to ensure that a local economy can take advantage of a range of areas of growth (Conway, 2014).

Four guiding principles can be identified for an effective partnership approach to local and sectoral development (Krismer, 2014):

- to focus on skills and earnings progression for low-income adults while also meeting employers' needs;
- to map progression pathways and opportunities in job sectors of importance to the local area (in terms of value added and volume of jobs);
- to build on existing state-supported initiatives; and
- to commit to systemic change within and across institutions, and not just implementation of pilot projects (which may be unsustainable).

The proposed initiatives and sectors in the LCR

Table 7 shows how the proposed initiatives outlined in Chapter 3 may relate to particular sectors in the LCR.

Table 7: Key sectors for the focus of the proposed initiatives

Proposed initiative	Relevant sectors	Sectoral considerations	Sectoral expertise required
1. Careers IAG for low-paid workers	<ul style="list-style-type: none"> • Sectors with relatively high proportions of workers in low-pay – e.g. retail and wholesale, hospitality, administration and support services, social care, leisure, recreation and other services • Could trial in one or two sectors in the first instance, but the initiative has wider applicability 	<ul style="list-style-type: none"> • Hospitality – opportunities for skills acquisition/ progression with strengthened HR support/ career ladder development • Retail and hospitality – core customer facing skills are highly transferable across sectors • Social care – opportunities may be created by greater integration of health and social care; challenge of limited funding to sector; can build on work of 'We Care' (sector-based work academy) 	<ul style="list-style-type: none"> • Advisers need to develop specialist knowledge of particular sectors to help inform: <ul style="list-style-type: none"> – how best to engage particular occupational groups by sector – identification of sector-specific pathways for career progression – transferable skills from one sector to another, since progression routes may entail switching sectors
b) Sector-based progression service	<ul style="list-style-type: none"> • Sectors that offer comparatively well-paid positions and/or can offer opportunities for advancement – e.g. financial and business services, transport and storage/logistics, manufacturing, health and social care, and construction 	<ul style="list-style-type: none"> • Financial and professional services – significant growth projected and good share of higher paid jobs • Transport and logistics, and construction – preponderance of small employers/contract work poses challenges for skills policies • Manufacturing has significant variation across subsectors in projected employment demand, share of low-paid jobs and progression prospects; facilitating mobility across subsectors is a potential strategy 	<ul style="list-style-type: none"> • Need for knowledge of specific qualifications and skills requirements associated with particular job roles • Need for specialist knowledge of skills needs and career ladders by sector • Value of contextual knowledge of current sociodemographic profile of employees in the sector by job role • Knowledge of 'typical' and 'possible' career pathways within sectors • Integrating wider business support/economic development activities
3. Career opportunities for part-time workers	<ul style="list-style-type: none"> • Sectors with large shares of low-paid, part-time workers – e.g. retail, health and social care, hospitality, administration and support services, and education • Could be piloted in one sector prior to a wider roll-out across more sectors 	<ul style="list-style-type: none"> • In retail, part-time workers provide flexibility for employers, but higher-paid roles tend to be organised on a full-time basis; scope for working with employers on part-time progression, but challenge of flat wage structure • In health, social care and education, budgetary and regulatory issues play an important role in organisation of work 	<ul style="list-style-type: none"> • Need for knowledge of balance between full- and part-time jobs at different levels within sectors • Need for knowledge of drivers of, and constraints on, flexibility in different sectors

Future considerations

It should be borne in mind that while initiatives to facilitate progression, such as development of career pathways, associated training and job redesign, can offer a financial return to employers (through higher productivity, improved performance, enhanced retention and associated reduced labour turnover costs and lower absenteeism), as well as boosting employees' earnings, job satisfaction and more general well-being, the business case for them is not universal (Philpott, 2014). This is especially the case where employers do not face difficulties in recruiting workers into low-paid jobs and/or where business models are predicated on low cost/low price/low pay/low skills and narrow profit margins, as in some parts of hospitality, retailing and social care. Hence, when developing initiatives to foster progression, it is important to consider the broader business and economic context, and provide support for companies to move into higher value-added product and service markets where appropriate. It is also important to have a focus on enabling individuals to progress through switching sectors to ones where there is more scope for in-work progression.

Looking ahead, the introduction of a National Living Wage may help to provide impetus for employers to pay greater attention to ways in which to foster skills development and in-work progression in order to enhance productivity of low-paid employees. However, there is no guarantee that this will be employers' response, and so there is a need for a stronger policy focus on supporting skills development and progression pathways in low-pay sectors. The rollout of UC is also likely to stimulate low-paid workers to increase their income from work – either by moving to higher-paid jobs (either with their current or a new employer, in the same or a different sector) or through increasing working hours. UC Work Coaches will provide a point of contact with such individuals on in-work benefits, and so they may have a role to play in referring individuals to relevant skills development initiatives. However, ongoing reductions in the adult skills budget and the greater emphasis on the individual or employer paying for training may constrain take-up – particularly for those needing to balance non-work responsibilities alongside employment and training. Hence there is a need for policy initiatives such as those outlined in Chapter 3.

In the future, further devolved funding and local commissioning of employment and skills provision can potentially provide an opportunity for public funds to be better aligned with the needs of local economies, businesses and residents, for example, through the integration of employment and skills support, and a better alignment between publicly-funded training and local needs.

Notes

1. In-work poverty is not just linked to low wages; low work intensity (part-time/intermittent work) contributes, too (Ray *et al.*, 2014).
2. In this report, the term 'Living Wage' is used to describe the voluntary Living Wage, as published by the Living Wage Foundation and calculated by the Centre for Research in Social Policy at Loughborough University. In the July 2015 Budget, it was announced that the National Minimum Wage would be updated and renamed the National Living Wage (NLW). Where the term NLW is used in this report, it is this mandatory version that is being referenced.
3. Analyses suggest that while UC generally improves work incentives, it has ambiguous effects for progression, improving incentives for some and reducing them for others (Finch, 2015; Ghelani and Stidle, 2014).
4. Individuals who are in work but still in receipt of UC will be required to increase their earnings up to a 'conditionality earnings threshold', which is set at the level of the NMW multiplied by the number of hours an individual is expected to work. The latter is based on an individual's circumstances (e.g. health conditions or caring responsibilities) up to a maximum of 35 hours a week.
5. The geographical area covered by the More Jobs, Better Jobs Partnership established between the Joseph Rowntree Foundation, Leeds City Council and Leeds City Region (see <https://www.jrf.org.uk/report/more-jobs-better-jobs>).
6. In the first part of 2015.
7. Replacement demand figures in Working Futures are 'benchmark' projections, taking into account retirements only. It should be noted that occupational mobility is an important source of loss for some (but not all) occupations.
8. This list includes some LCR 'priority sectors'.
9. More detailed analysis for 75 sub-sectors available in Working Futures data shows that the absolute size of the net requirement is greatest in the retail trade, and that food and beverage services, and residential care also have among the largest absolute net requirements.
10. The CV is the ratio of the standard error of the estimate to the wage estimate itself, expressed as a percentage; (for further details see <http://www.ons.gov.uk/ons/rel/ashe/annual-survey-of-hours-and-earnings/2013-revised-results/index.html>). The colour coding scheme for the coefficient of variation of ASHE estimates used by the Office for National Statistics is used in Table 3.
11. These are sectors that employ a significant number of young people, for whom different NMW rates apply.
12. An individual working 35 hours per week in the retail sector at £6.19 per hour earns £217 per week. If they progress to the fortieth percentile, they still earn less than £243 per week.
13. <https://www.gov.uk/government/news/2-million-boost-to-help-low-paid-retail-and-hospitality-staff>
14. See <http://www.livingwage.org.uk/sites/default/files/CareCharter.pdf>
15. This is based on data that shows employed people accounted for 11% of education and training starts in 2013/14. It is assumed that apprenticeships and workplace learning starts were all

delivered to individuals in employment. The two figures added together give 70,000 learners, which comprises 17% of all starts.

16. In August 2013, 24+ advanced learning loans were introduced for adults aged over 24 studying at Level 3 and above. Correspondingly, adult learners undertaking Advanced Apprenticeships (at Level 3) registered the largest drop in starts, decreasing by 55% on the previous year. Responding to this drop in numbers, the government subsequently removed apprenticeships from the requirement to take out a loan and reverted to full funding via the Adult Skills Budget.
17. An apprenticeship delivery model that aims to support small businesses to take on apprentices.
18. Who had completed their apprenticeship in the last 12–18 months.
19. At the time of writing, the SFA procured and managed training and support for adults through ESF. In future funding rounds involving the ESIF, LEPs are playing an enhanced strategic role in shaping investment priorities.
20. Level 3 training is restricted to young people (19–24 years) in SMEs.
21. <http://www.theresponse.co.uk/about>
22. The Priority Sectors are life sciences and related industries; health, financial and business services; retail; low carbon industries; education; creative and cultural industries; manufacturing; digital technologies; advanced manufacturing; care; and logistics.
23. For businesses with up to 49 employees, training can also be delivered at Level 4.
24. <http://www.the-lep.com/our-work/skills/skills-support-for-small-businesses>
25. Analysis by the Association of Colleges shows that there has been a 20% reduction nationally in the number of adults taking Level 3 courses since the introduction of the loans, with a larger fall for older learners (aged 40+) and those in more deprived areas.
26. This decline has been attributed to a combination of policy changes affecting financing options, and the economic climate impacting negatively on employer training budgets and household finances (Universities UK, 2013).
27. These are: individuals with low skills (below Level 2 or 3), people claiming out-of-work benefits, and those facing redundancy.
28. This means that there is some repetition in the proposed initiative outlines of material included elsewhere in the report.
29. Akin to the investigation into adult careers provision that was conducted by the London Assembly: see <https://www.london.gov.uk/moderngov/documents/s20111/Appendix%20%20-%20Adult%20Careers%20Guidance.pdf> and <https://www.london.gov.uk/moderngov/documents/s26687/Appendix%20%20Tailor-made%20-%20Improving%20Adult%20Careers%20Services%20in%20London.pdf>
30. In addition, providers receive some funding to deliver a regional 'inspiration plan', linked to the NCS inspiration agenda.
31. In some respects, adopting this type of approach to progression builds on activity undertaken by Jobcentre Plus in developing sector-based work academies to support jobseekers into work.
32. e.g. Jobcentre Plus local employment partnerships.

33. The eligibility criteria suggested here are slightly different from those presented for Initiative 1. However, it could be that if both initiatives are implemented, the same eligibility criteria could be used.
34. Defined as employees who work less than 30 hours per week. The specific targets are part-time workers, but workplace initiatives would likely benefit other low-paid workers, too.
35. A flexible job is defined as one advertised either as part-time or, if full-time, as offering forms of flexibility such as the possibility of reduced hours, a different pattern of work such as flexitime or shifts (chosen by the employee), the ability to work from home, or openness to a discussion about flexibility of hours or location.
36. <https://www.gov.uk/government/collections/ukces-futures-programme-overview>
37. For examples, see resources at <http://www.wisework.co.uk/resources> and Working Families: <http://www.workingfamilies.org.uk/employers/employer-guides-toolkits-and-policies/>
38. e.g. Ambassadors, 5-3-1 and 100 in 100.
39. e.g. Timewise's Power Part-Time List: <http://timewise.co.uk/power-part-time/>, or the Top Employers for Working Families Awards: <http://www.workingfamilies.org.uk/employers/the-top-employers-for-working-families-special-awards-2015/>
40. The definition of a quality part-time role used in the Timewise Flexible Jobs Index can be used here: a job that pays over £20,000 FTE and is advertised as part-time or, if full-time, as offering forms of flexibility such as the possibility of reduced hours, a different pattern of work such as flexitime or shifts (chosen by the employee), the ability to work from home, or openness to a discussion about flexibility of hours or location.
41. This would require participating employers to agree to collecting and submitting relevant data to the evaluators on agreed outcomes.
42. See <http://www.the-lep.com/for-business/skills-and-training/lep-apprenticeship-grant/>

References

- Andersson, F., Holzer, H. and Lane, J. (2005) *Moving up or moving on: who advances in the low-wage labor market*. New York: Russell Sage Foundation
- Ashton, D. and Sung, J. (2011) *Product market strategies and skills utilisation*. Glasgow: Skills Development Scotland
- Baum, T. (2002) 'Skills and training for the hospitality sector: a review of issues', *Journal of Vocational Education and Training*, Vol. 54, pp. 343–64
- BIS (2010) 'Manufacturing in the UK: An economic analysis of the sector', *BIS Economics Paper* 10A. London: BIS
- BIS (2013) *A strategy for future retail*. London: BIS
- BIS (2014a) 'Apprenticeships evaluation: learners', *BIS Research Paper* 205. London: BIS. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/387662/bis-14-1208-Apprenticeships-Evaluation-Learners-December-2014.pdf (accessed 4 January 2016)
- BIS (2014b) 'National Careers Service Satisfaction and Progression Surveys: Annual Report (April 2013–March 2014 fieldwork)', *BIS Research Paper* 192. London: BIS
- Blundell, R., Dearden, L. and Sianesi, B. (1999) 'Human capital investment: the returns from education and training to the individual, the firm and the economy', *Fiscal Studies*, Vol. 20, pp. 1–24
- Brisbois, R. and Saunders, R. (2005) *Skills upgrading initiatives in Canada: regional case studies preliminary report*. Ottawa: Canadian Policy Research Networks
- Buford, E. and Dresser, L. (2014) 'The Wisconsin Regional Training Partnership: the evolution of an intermediary, the shifting target of twenty-first century manufacturing, and the continuing relevance of unions in labour markets', in M. Conway and R. Giloth, *Connecting people to work: workforce intermediaries and sector strategies*, pp. 113–30. New York: Aspen Institute
- Callender, C. and Wilkinson, D. (2011) 'The impact of higher education for part-time students', *Evidence Report* 36. Wath-upon-Deane and London: UK Commission for Employment and Skills
- Carre, F., Tilly, C., Klaveren, M. and Voss-Dahm, D. (2008) *Retail jobs in comparative perspective*. New York: Russell Sage Foundation
- Cities for Mobility (2007) *Bus driver training with new technologies for safe, economic and environmentally friendly driving*. Available from UK Commission for Employment and Skills
- Clayton, N., Williams, M., and Howell, A. (2014) *Unequal opportunity: how jobs are changing in cities*. London: Centre for Cities
- Conway, M. (2014) 'A Brief History of Sectoral Strategies', in M. Conway and R. Giloth, *Connecting people to work: workforce intermediaries and sector strategies*, pp. 39–62. New York: Aspen Institute
- Conway, M. and Giloth, R. (2014) *Connecting people to work: workforce intermediaries and sector strategies*. New York: Aspen Institute
- Cribb, J., Hood, A., Joyce, R. and Philips, D. (2013) *Living standards, poverty and inequality in the UK: 2013*. London: Institute for Fiscal Studies
- D'Arcy, C. and Corlett, A. (2015) *Taking up the floor: exploring the impact of the National Living Wage on employers*. London: Resolution Foundation
- D'Arcy, C., Corlett, A. and Gardiner, L. (2015) *Higher ground? Who gains from the National Living Wage?* London: Resolution Foundation
- D'Arcy, C. and Hurrell, A. (2014) *Escape plan: understanding who progresses from low pay and who gets stuck*. London: Resolution Foundation
- Devins, D., Bickerstaffe, T., Mitchell, B. and Halliday, S. (2014) *Improving progression in low-paid, low-skilled retail, catering and care jobs*. York: JRF

- DfE and BIS (2013) *The future of apprenticeships in England: next steps from the Richard review*. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/190632/bis-13-577-the-future-of-apprenticeships-in-england-next-steps-from-the-richard-review.pdf (accessed 4 January 2016)
- Dickens, R. (2000) 'Caught in a trap? Wage mobility in Great Britain: 1975–1994', *Economica*, Vol. 67, pp. 477–97
- Dickens, R. and McKnight, A. (2008) *The changing pattern of earnings: employees, migrants and low paid families*. York: JRF
- Dorsett, R. (2013) 'The effect of temporary in-work support on employment retention: evidence from a field experiment', *NIESR Discussion Paper*. London: NIESR
- Duke, A. E., Martinson, K. and Strawn, J. (2006) *Wising up: how government can partner with business to increase skills and advance low-wage workers*. Washington, DC: Center for Law and Social Policy
- DWP (2014) *Households below average income: 1994/95–2012/13 (United Kingdom)*. London: DWP
- Eurofound (2013) *More and better jobs in home care services*. Dublin: Eurofound
- Fairchild, D. (2014) 'Emerald Cities Collaborative: case study of a high-road sector', in M. Conway and R. Giloth, *Connecting people to work: workforce intermediaries and sector strategies*, pp. 177–91. New York: Aspen Institute
- Finch, D. (2015) *Making the most of UC: final report of the Resolution Foundation review of Universal Credit*. London: Resolution Foundation
- Fuller, A., Leonard, P., Unwin, L. and Davey, G. (2015) *Does apprenticeship work for adults? The experiences of adult apprentices in England*. London: LLAKES, Institute of Education. Available at: <http://www.llakes.ac.uk/sites/llakes.ac.uk/files/Adult%20Apprenticeship.pdf> (accessed 28 December 2015)
- Gardiner, L. and Hussein, S. (2015) *As if we cared: the costs and benefits of a Living Wage for social care workers*. London: Resolution Foundation
- Garrett, R., Campbell, M. and Mason, G. (2010) 'The value of skills: an evidence review', *Evidence Report 22*. Wath-upon-Deane and London: UK Commission for Employment and Skills
- Gasper, J. and Henderson, K. (2014) *Sector-focused career centers evaluation: effects on employment and earnings after one year*. New York: New York Center for Economic Opportunity
- Ghelani, D. and Stidle, L. (2014) *Universal Credit: towards an effective poverty reduction strategy*. London: Policy in Practice
- Gospel, H. and Lewis, P. (2011) 'Who cares about skills? The impact and limits of statutory regulation on qualifications and skills in social care', *British Journal of Industrial Relations*, Vol. 49, pp. 601–22
- Green, A. (2012) 'Skills for competitiveness: country report for United Kingdom', *OECD Local Economic and Employment Development (LEED) Working Papers*, 2012/05. Paris: OECD Publishing
- Green, A., Sissons, P., Broughton, K., and de Hoyos, M. with Warhurst, C. and Barnes, S-A. (2015) *Linking jobs and poverty in cities*. York: JRF
- Hamilton, G. and Scrivener, S. (2012) *Increasing employment stability and earnings for low-wage workers: lessons from the Employment Retention and Advancement (ERA) project*. OPRE Report 2012–19. Washington, DC: Office of Planning, Research and Evaluation, Administration for Children and Families, US Department of Health and Human Services
- Hay, C. (2015) *What do low-paid workers think would improve their working lives?* York: JRF
- Hendra, R., Riccio, J., Dorsett, R., Greenberg, D., Knight, G., Phillips, J., Robins, P., Vegeris, S. and Walter, J. with Hill, A., Ray, K. and Smith, J. (2011) 'Breaking the low-pay, no-pay cycle: final evidence from the UK Employment Retention and Advancement (ERA) demonstration', *DWP Research Report 765*. London: CDS
- Holmes, K., Ivin, C., Hansom, J., Yaxley, D. and Smeaton, D. (2007) 'The future of work: individuals and workplace transformation', *Working Paper Series 54*. Manchester: Equal Opportunities Commission
- Hurrell, A. (2013) *Starting out or getting stuck? An analysis of who gets trapped in low paid work – and who escapes*. London: Resolution Foundation
- Jayaraman, S. (2014) 'Restaurant Opportunities Centers United: serving the service sector', in M. Conway and R. Giloth, *Connecting people to work: workforce intermediaries and sector strategies*, pp. 77–191. New York: Aspen Institute

- Krismer, M. (2014) 'Health Careers Collaborative of Greater Cincinnati: partners for a competitive workforce and healthcare sector', in M. Conway and R. Giloth, *Connecting people to work: workforce intermediaries and sector strategies*, pp. 161–76. New York: Aspen Institute
- Kumar, A., Rotik, M. and Ussher, K. (2014) *Pay progression: understanding the barriers for the lowest paid – CIPD Policy Report*. London: John Lewis Partnership and CIPD
- Kumi-Ampofo, F. and Woolley, T. (2014) *The state of the Leeds City Region labour market 2014/15: challenges and pitfalls*. Leeds: Leeds City Region Enterprise Partnership
- Lashley, C. (2009) 'The right answers to the wrong questions? Observations on skill development in the United Kingdom's hospitality sector', *Tourism and Hospitality Research*, Vol. 9, pp. 340–52
- Lloyd, C. and Payne, J. (2012) 'Flat whites: who gets progression in the UK café sector?', *Industrial Relations Journal*, Vol. 43, pp. 38–52
- Lyonette, C. and Baldauf, B. (2010) *Quality part-time work: an evaluation of the Quality Part-Time Work Fund*. London: Government Equalities Office
- MacInnes, T., Aldridge, H., Bushe, S., Kenway, P. and Tinson, A. (2013) *Monitoring poverty and social exclusion 2013*. Available at: <http://npi.org.uk/publications/income-and-poverty/monitoring-poverty-and-social-exclusion-2013/> (accessed 29 December 2015)
- Maguire, S., Freely, J., Clymer, C., Conway, M. and Schwartz, D. (2010) *Tuning in to local labor markets: findings from the Sectoral Employment Impact Study*. Philadelphia, PA: Public/Private Ventures. Available at: <http://www.aspenwsi.org/wordpress/wp-content/uploads/TuningIntoLocalLaborMarkets.pdf> (accessed 29 December 2015)
- Marchante, A., Bienvenido, O., and Pagan, R. (2006) 'Determinants of skills shortages and hard to fill vacancies in the hospitality sector', *Tourism Management*, Vol. 27, pp. 791–802
- Markit (2014) *Living Wage research for KPMG: structural analysis of hourly wages and current trends in household finances*. Henley on Thames: Markit. Available at: <https://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Documents/PDF/Latest%20News/living-wage-research-october-2014.pdf> (accessed 29 December 2015)
- Mosley, P., Winters, G. and Wood, S. (2012) *Wholesale and retail sector skills assessment*. Wath-upon-Deane and London: UK Commission for Employment and Skills
- National Audit Office (2012) *Adult apprenticeships*. London: The Stationery Office
- National Careers Council (2013) *An aspirational nation: creating a culture change in careers provision*. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/354644/bis-13-919-national-careers-council-report-an-aspirational-nation-creating-a-culture-change-in-careers-provision.pdf (accessed 29 December 2015)
- NIACE (2015) *No limits: from getting by to getting on*. Leicester: NIACE. Available at: [http://www.niace.org.uk/sites/default/files/files/niace_policy_solutions_progression\(1\).pdf](http://www.niace.org.uk/sites/default/files/files/niace_policy_solutions_progression(1).pdf) (accessed 29 December 2015)
- Nickson, D., Warhurst, C., Commander, J., Hurrell, S. A. and Cullen, A. M. (2012) 'Soft skills and employability: evidence from UK retail', *Economic and Industrial Democracy*, Vol. 33, pp. 65–84
- OECD (2011) *Doing better for families*. Paris: OECD
- OECD (2014) *Job creation and local economic development*. Paris: OECD
- Paull, G. and Patel, T. (2012) *An international review of skills, jobs and poverty*. York: JRF
- Payne, J. and Keep, E. (2011) 'One step forward, two steps back? Skills policy in England under the Coalition Government', *SKOPE Working Paper* 102. Cardiff: Cardiff University
- People 1st (2011) *Technology in the hospitality industry: adoption and skill*. Uxbridge: People 1st
- Philpott, J. (2014) *Rewarding work for low-paid workers*. York: JRF
- Platt, L. (2006) *Pay gaps: the position of ethnic minority women and men*. Manchester: Equal Opportunities Commission
- Ray, K., Hoggart, L., Vegeris, S. and Taylor, R. (2010) *Better off working? Work, poverty and benefit cycling*. York: JRF

- Ray, K., Sissons, P., Jones, K. and Vegeris, S. (2014) *Employment, pay and poverty: evidence and policy review*. York: JRF
- Richard, D. (2012) *The Richard review of apprenticeships*. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/34708/richard-review-full.pdf (accessed 29 December 2015)
- Roberts, S. (2013) 'Gaining skills or just paying the bills? Workplace learning in low-level retail employment', *Journal of Education and Work*, Vol. 26(3), pp. 267–90
- Roder, A. and Elliot, E. (2014) *Sustained gains: Year Up's continued impact of young adults' earnings*. New York: Economic Mobility Corporation
- SFA/Intellect Concept Viability Report (2013) *National Careers Service re-procurement funding model*. Available at: <https://www.whatdotheyknow.com/request/185626/response/461893/attach/2/20130404%20NCS%20Funding%20Model%20Concept%20Viability%20report.pdf> (accessed 29 December 2015)
- Simonazzi, A. (2009) *New skills for new jobs? Status quo and perspectives for the elderly care sector in Europe*. European Employment Observatory (EEO) Thematic Paper. Rome: Fondazione Giacomo Brodolini
- Sissons, A. (2011) *More than making things: a new future for manufacturing in a service economy*. London: The Work Foundation
- Sissons, P. and Jones, K. (2014) *How can local skills strategies help low earners?* York: JRF
- Skills for Care (2015) *The state of the adult social care sector and workforce in England*. Leeds: Skills for Care
- Stanfield, C., Sloan, J., Cox, A. and Stone, I. (2009) 'Review of employer collective measures: final report', *Evidence Report 10*. Wath-upon-Deerne and London: UK Commission for Employment and Skills
- Stuart, M., Cutter, J., Cook, H. and Winterton, J. (2010). *Evaluation of the Union Learning Fund rounds 8 to 11 and Unionlearn: final report*. Leeds: CERIC, Leeds University Business School, University of Leeds
- Stuart, M. and Lucio, M. (2008) 'Employment relations in the UK finance sector: between globalisation and re-regulation', *CERIC Working Paper 1*. Leeds: CERIC, Leeds University Business School, University of Leeds
- Tessler, B. (2013) 'WorkAdvance: testing a new approach to increase employment advancement for low-skilled adults', *MDRC Policy Brief*. New York: MDRC
- Timewise Foundation (2013) *The flexibility trap*. Available at: http://timewisefoundation.org.uk/wp-content/uploads/2013/07/Flexibility_Trap_-_report.pdf (accessed 29 December 2015)
- Timewise Foundation (2015) *The Timewise flexible jobs index*. Available at: http://timewisefoundation.org.uk/wp-content/uploads/2015/06/Timewise_Flexible_Jobs_Index.pdf (accessed 29 December 2015)
- Tomlinson, J. (2006) 'Routes to part-time management in UK service sector organisations: implications for women's skills, flexibility and progression', *Gender, work and organisation*, Vol. 13, pp. 585–605
- Transport for London (2014) *TfL skills and employment strategy: progress report and future strategy*. London: TfL
- UKCES (2011) *Building future skills in accountancy*. Wath-upon-Deerne and London: UK Commission for Employment and Skills
- UKCES (2012a) 'Sector skills insights: retail', *Evidence Report 53*. Wath-upon-Deerne and London: UK Commission for Employment and Skills
- UKCES (2012b) *Hospitality, tourism and sport sector: sector skills assessment 2012*. Wath-upon-Deerne and London: UK Commission for Employment and Skills
- UKCES (2012c) *Employer practice in progressing low-paid staff*. Wath-upon-Deerne and London: UK Commission for Employment and Skills
- UKCES (2012d) 'Sector skills insights: health and social care', *Evidence Report 52*. Wath-upon-Deerne and London: UK Commission for Employment and Skills
- UKCES (2012e) 'Sector skills insights: professional and business services', *Evidence Report 56*. Wath-upon-Deerne and London: UK Commission for Employment and Skills

- UKCES (2012f) *Sector skills assessment: United Kingdom finance, insurance and other professional services*. Wath-upon-Dearne and London: UK Commission for Employment and Skills
- UKCES (2012g) 'Sector skills insights: advanced manufacturing', *Evidence Report 48*. Wath-upon-Dearne and London: UK Commission for Employment and Skills
- UKCES (2014a) *UK Futures programme competition brief: progression pathways in retail and hospitality*. Wath-upon-Dearne and London: UK Commission for Employment and Skills
- UKCES (2014b) 'The future of work jobs and skills in 2030', *Evidence Report 84*. Wath-upon-Dearne and London: UK Commission for Employment and Skills
- UKCES (2014c) 'Understanding skills and performance challenges in the logistics sector', *Evidence Report 86*. Wath-upon-Dearne and London: UK Commission for Employment and Skills
- Universities UK (2013) *The power of part-time: review of part-time and mature higher education*. London: Universities UK
- van der Giessen, A., van der Zee, F., Gijsbers, G. and Maier, D. (2009) *Investing in the future of jobs and skills: scenarios, implications and options in anticipation of future skills and knowledge needs. Sector report: Transport and logistics*. Dublin: Eurofound
- Vokes, C. and Brennan, J. (2013) 'Technology and skills in the construction industry', *Evidence Report 74*. Wath-upon-Dearne and London: UK Commission for Employment and Skills
- Vos, A. and Willemse, I. (2014) *Leveraging training skills development in SMEs*. Paris: OECD
- What Works Centre for Local Economic Growth (2014) *Evidence review: employment training*. Available at: http://www.whatworksgrowth.org/public/files/Policy_Reviews/Employment-Training-Full-Report.pdf (accessed 29 December 2015)
- Whittaker, M. and Hurrell, A. (2013) *Low pay Britain 2013*. London: Resolution Foundation
- Wilson, R., Beaven, R., May-Gillings, M., Hay, G. and Stevens, J. (2014) 'Working Futures 2012–2022', *Evidence Report 83*. Wath-upon-Dearne and London: UK Commission for Employment and Skills
- Wilson, T., Gardiner, L. and Krasnowski, K. (2013) *Work in progress: low pay and progression in London and the UK*. London: CESI and Trust for London
- Winkler, A. (2007) 'Sheffield's construction JOBMatch Programme', *CASE Report 50*. London: Centre for Analysis of Social Exclusion, LSE
- Wright, J. and Sissons, P. (2012) *The skills dilemma: skills under-utilisation and low wage work*. London: The Work Foundation
- Zeynep, T. (2014) *The Good Jobs Strategy: how the smartest companies invest in employees to lower costs and boost profits*. Boston, MA: Houghton Mifflin Harcourt

Appendix 1: Proposals for Skills Policy Development Group meeting

This appendix presents background information on ten topics prepared for discussion at a Skills Policy Development Group meeting.

For each topic the core issues and the rationale for addressing them are set out, and potential solutions are outlined.

Table 8: Topic proposals for discussion (April 2015)

Topic	Core issues	Potential solutions
1. Improving opportunity in social care	<p>Social care has low rates of pay and high turnover. A focus purely on increasing the stock of qualifications has not generated significant change in HR practices, work design or internal progression prospects.</p> <p>The major constraint on better conditions relates to public funding decisions, but some opportunities to develop career paths to better jobs may improve with greater integration of health and social care.</p> <p>Some international programmes focus on progression between different occupations through career ladder initiatives. Programmes that have utilised low barriers to entry to place the unemployed into jobs could be extended to include in-work progression.</p>	<p><i>Working with employers to develop occupational career ladders:</i> using skills provision to support defined and transparent occupational pathways within engaged employers.</p> <p><i>Supporting progression through health and social care:</i> through provision of careers guidance and clear articulation of the specific skill, qualification and competency requirements to progress across the health and social care sectors.</p> <p>Skills for Care would be an obvious stakeholder.</p>
2. Improving job quality and progression in the hospitality sector	<p>Hospitality has significant future labour requirements and is characterised by low pay and high rates of turnover (partly related to a heavy reliance on students and temporary work). Training tends to be job-specific, and predominantly focused on induction training. Progression prospects are limited by flat occupational structures.</p> <p>Existing sectoral interventions aimed at improving job quality and progression have focused on making career structures more explicit and developing associated training packages designed to enable progression at a company or sectoral level. In the UK, the Hospitality Guild has produced an interactive careers map (http://www.hospitalityguild.co.uk/A-Career-in-Hospitality/Career-Map) showing the career pathways available within the sector, with the skills required and training courses available for each occupational role. The key challenge is to encourage/incentivise businesses to use this resource to enable staff progression.</p>	<p>Options to achieve this include:</p> <p>a) <i>peer-to-peer support and engagement activities</i>, e.g. sector and business associations working with employers (proactively targeting 'hard to engage' businesses) to publicise the career map and promote the benefits of workforce development/career progression.</p> <p>b) a full <i>career ladder initiative</i> organised by a consortium including employment support providers, training providers, sector bodies and employers. Consider adaptation of the Restaurant Opportunities Centers United (ROC) example in the US (http://rocunited.org/about-us/), which organised some restaurant owners into an alternative restaurant association, set out formalised career ladders, and helped workers advance along them through delivering associated training.</p>
3. Access and progression to good jobs in financial and business services	<p>Rates of pay are generally high, but progression from low pay and initial access to 'good jobs' can be constrained by high barriers to entry.</p> <p>There are examples of projects seeking to improve entry into professional occupations for disadvantaged groups. There is less evidence on internal progression from low-paid work.</p>	<p><i>Develop initiatives focused on access to good jobs for disadvantaged groups:</i> including pre-employment pathways linking to good employment opportunities.</p> <p><i>Promoting internal progression programmes:</i> encouraging employers to utilise and raise awareness of large internal labour markets and occupational diversity of many firms, and work to develop skills needs profiles and training provision for occupational progression for low-paid employees.</p>

Continued...

Topic	Core issues	Potential solutions
4. Job design	<p>Job redesign can be important to low-wage worker progression:</p> <ul style="list-style-type: none"> • Part-time workers experience high rates of low pay and those who predominantly work part-time are less likely to progress, partly because of the difficulties in moving to more senior levels for part-time workers. Intermediate/higher level jobs (especially at supervisory levels) require long hours and flexible patterns of working. Job redesign may enable these jobs to be undertaken in a different way, accommodating the schedules of part-time workers. • Low-wage jobs may be designed so as to require low levels of skill and limited task autonomy/discretion/flexibility, so preventing opportunities for workers to acquire and utilise higher levels of learning and skill. Job redesign and work organisation changes enabling the development and utilisation of a wider range of skills should thus be considered in any strategy aimed at stimulating business demand for higher levels of skill. Improved skills utilisation is linked to higher productivity and employee morale. 	<p><i>Include an emphasis on job redesign and work organisation within existing business support functions: strengthening progression routes and making them more accessible to all workers would then become a part of the wider business support structure to help employers consider changes to job design when thinking about organisational skills needs. Support could be integrated within existing business support services.</i></p> <p><i>A workforce development programme providing funds to (groups of) employers to pilot initiatives focusing on job redesign to facilitate skills development/utilisation. Job redesign initiatives might emphasise multi-skilling for functional flexibility across different roles. They could also involve design of new roles making use of additional skills, so justifying pay increases/enhancing progression possibilities in sectors with relatively flat occupational structures.</i></p>
5. Line manager training	<p>Line managers can play an important role in encouraging/facilitating employee learning and development. Hence it is important to ensure that line managers have the skills/capabilities to support such progression. Organisations with structured progression programmes utilise line managers to assess competencies and support staff development through coaching/mentoring. Where formal programmes are non-existent, studies highlight the importance of providing opportunities for employees to discuss progression aspirations with line managers and explore ways to develop/use new skills.</p> <p>Initiatives to support worker progression need to secure buy-in from line managers, who are often key to the success/failure of schemes; pressures of service delivery/staffing constraints can affect line manager willingness to release staff for training. Line manager commitment is crucial to enable staff to use new skills in the workplace.</p>	<p><i>A funded skills programme that aims to develop line manager skills and capabilities, across all functions, but with an emphasis upon developing staff and better utilising staff talent. The programme could be targeted by business size/sector.</i></p>

Continued...

Topic	Core issues	Potential solutions
6. Careers management and IAG services	<p>IAG services in the UK are currently targeted mainly at people seeking employment. Individuals in low-paid/low-skilled work are unlikely to access careers IAG through education and training providers unless they are proactively looking for education/training courses. Careers services can play a role in raising aspirations among low-skilled workers, and provide an opportunity to review career prospects and identify progression pathways from low-paid work. Providing high-quality information on career pathways and opportunities to guide individuals' choices about training is crucial. Evaluations of previous upskilling initiatives, e.g. the Employment Retention and Advancement (ERA) initiative, have pointed to a lack of high-quality careers IAG to guide skills decisions as a key shortcoming.</p> <p>To develop a careers initiative targeting low-wage workers, several design challenges will need to be addressed, including considering the best ways to reach/support people in low-paid work, and ways to engage employers in an initiative that might not benefit them directly.</p>	<p><i>Extend the reach of current services</i> to ensure that low-wage workers are able to access careers services, e.g. by funding IAG providers to undertake outreach work with employees in low-paid sectors and/or by introducing/raising provider targets around low-wage worker engagement. Providers could be funded to work with industry bodies to develop sector specialisms to ensure that high-quality careers advice, linked to specialist knowledge of progression pathways within particular sectors, is available for learners.</p> <p>A new <i>Careers Advancement Service</i> (as proposed by NIACE in 2015) could offer low-wage workers access to a careers counsellor and targeted skills funding to enable progression. This might be targeted at low-wage workers and would offer them access to personalised careers counselling and a personal training budget.</p>
7. Developing a 'programme model' for worker progression	<p>Models to support workers to progress are under-developed; hence there is scope to test new models of in-work support.</p> <p>There is emerging US evidence on ways to develop policies targeted at sectors/employers that seek to develop better career opportunities for low-paid workers. The WorkAdvance model aims to support individuals to enter 'quality jobs in high demand fields' that provide opportunities for progression. Provision offered includes traditional elements of support (e.g. pre-employment training) but also incorporates post-employment retention and advancement services (e.g. career coaching, access to further training) to help workers progress once in employment.</p>	<p><i>Develop a sector- or employer-focused model of in-work support for those moving into employment:</i> using in-work employment advisors to deliver career coaching and encourage access to training/further skill acquisition. Securing employer buy-in through the 'dual customer' focus approach with provision/integration of business advice and support services.</p>

Continued...

Topic	Core issues	Potential solutions
8. Small businesses	<p>There is evidence that workers in small organisations can struggle to progress (Hurrell, 2013): small organisations offer few opportunities for internal progression, and SMEs can find it difficult to participate in skills programmes due to constraints on budgets/staffing. This offers a rationale for targeting training support at such organisations.</p> <p>Initiatives targeting SMEs in the LCR include the Apprentice Hub programme, the Response project (offering full funding for training prior to finishing in July 2015) and the LEP Skills Service and Skills Fund (which offers a skills advisory service and match funding of training for SMEs operating in LEP priority sectors). Any new initiative should aim to fill gaps rather than to duplicate support available through existing initiatives.</p>	<p>Funding could be made available to engage small businesses and <i>drive up demand for skills among employers operating outside the LEP's priority sectors</i>, building on work already undertaken within the Response project.</p> <p>Other initiatives targeting SMEs have sought to design training structures offering workers opportunities to develop new competencies by <i>undertaking a range of job roles across organisations within a sector</i> that would not be possible within a single small organisation. Industry-wide partnerships can enable low-paid employees to progress through external as well as internal labour market mobility.</p> <p><i>Business support services that work with SMEs could seek to improve managerial capability and offer advice/guidance on job design and HRM practices, with a view to better managing and progressing low-paid staff.</i></p>
9. Older workers	<p>State-funded skills initiatives focus mainly on young people. As the adults skills budget has declined, the over-25s have become more reliant on their employers, their own finances and/or loans for skills investment/development. Participation in part-time learning has declined. The low paid have the least resources to invest in learning and may be unwilling to invest when returns are uncertain.</p> <p>Individuals aged 50 years and over have less time to reap returns from individual investment in skills. Employers invest more resources in training younger rather than older workers, yet average job tenure with the same employer is often lower for younger workers. As the state pension age rises, individuals may seek to remain in employment for longer.</p>	<p>a) <i>Grants for training for older workers</i> to aid employment retention and in-work progression through upgrading of skills and developing new skills in growing occupations/sectors.</p> <p>b) <i>Mid-life career reviews for those in employment</i> to assess aspirations and opportunities for skills development (drawing on NIACE's experience of piloting a Mid-Life Career Review programme for people who may have around 20 years of working life ahead of them and want more fulfilling work, prefer a flexible retirement, or have caring responsibilities/health issues – see http://www.niace.org.uk/our-resources/work-and-careers/mid-life-career-review).</p> <p>c) <i>Coaching sessions for employees on how to navigate the external labour market</i>, including where and how to look/apply for vacancies.</p>

Continued...

Topic	Core issues	Potential solutions
10. Agency workers	<p>The incidence of agency work varies by industry and occupation. Temporary agency work may give certain subgroups (e.g. immigrants, those with no recent employment history) an opportunity to demonstrate their ability. Such work may be a 'stepping stone' to better-paid and/or permanent employment, but it may be associated with low pay/unstable employment, as employers use agency workers to meet fluctuations in product/service demands, so avoiding lay-offs of permanent staff. Temporary agency workers may have no/limited access to employers' training programmes. Research does not support the use of temporary agency work as a broad strategy to improve worker incomes; rather, evidence suggests that fixed-term contracts are more likely to lead to in-work progression.</p>	<p>a) <i>Temporary work agencies playing a role in training workers:</i> in Germany, temporary staffing agencies have invested in continuing education for their workers (e.g. in forklift truck operation, IT courses, etc.)</p> <p>b) <i>Work with trade unions to develop training opportunities and highlight opportunities</i> for in-work progression among agency workers.</p> <p>c) <i>Sector-specific initiatives</i> focusing on functions where temporary agency workers are concentrated to improve access to training.</p> <p>d) <i>Better local intelligence on how companies use agency workers</i> to highlight companies where agency work may often serve as a 'stepping stone' function, and where it may not.</p>

Appendix 2: Summary of workshop discussion: exploring the role of financial incentives for employers to invest in workforce skills and progression for low-wage workers

Pre-circulated background material provided some details of the Apprenticeship Age Grant for Employers (AGE) and Research and Development Tax Credits.

Key conclusions of the workshop discussion

- While financial incentives may be intuitively appealing, they need to have a clear focus – ideally on a specific, clearly defined, business need.
- Evidence from the UK Commission for Employment and Skills 'Collective Measures' study (Stanfield *et al.*, 2009) suggests that financial incentives do not work on their own in achieving sustained behaviour change. This suggests that a financial incentive for employers to invest in workforce skills and progression from low wages may be more effective as part of a broader policy initiative focusing on a particular issue (e.g. raising productivity), rather than as a standalone mechanism. The same study indicated that being part of a broader 'community of interest' can be important in effecting behaviour change on the part of employers.
- Financial incentives are difficult to implement – in terms of achieving an appropriate trade-off between simplicity (as opposed to bureaucracy) and accountability.
- There are some financial incentives already in the LCR (e.g. the West Yorkshire AGE initiative,⁴² which provides a core grant of £1,200 for eligible small and medium-sized businesses, and a top-up grant of £800 that can be used to pay the apprentice the Living Wage). The national introduction of an Apprenticeship Levy for large firms (announced in July 2015) could be argued to add complexity and so could hinder, rather than help, implementation of any further financial incentives in a related space. In the workshop discussion, no clear 'gap' that could best be filled by use of a financial incentive was identified.
- The introduction of the National Living Wage (announced in July 2015) should provide learning on how employers seek to get more from workers when the wage floor increases, and on trade-offs between numbers and productivity of workers.

Acknowledgements

The authors would like to thank all of the individuals in the Leeds City Region and beyond who took part in workshops and interviews during the course of this research. Without their input the research on which this report is based would not have been possible. We would like to offer particular thanks to Michelle Burton and Sue Cooke from the Leeds City Region LEP. Josh Stott from the Joseph Rowntree Foundation, along with Mike Campbell, provided guidance and support throughout the course of the project.

About the authors

Professor Anne Green is from the Institute for Employment Research at the University of Warwick. Her research spans spatial dimensions of economic and sociodemographic change, local and regional labour market issues, and migration and commuting. Her current research focuses on local skills strategies, disadvantaged young people and the labour market, employment and social inclusion, local and regional economic development, and policy evaluation.

Dr Paul Sissons is a Senior Research Fellow at the Centre for Business in Society at Coventry University. His research interests include labour market disadvantage, low-wage work, and local and regional economic development. His recent work has examined wage inequality in British cities, the links between economic growth and poverty reduction, and changing approaches to skills policy.

Dr Kathryn Ray is Head of Employment Research at the Learning and Work Institute, and was a Senior Research Fellow at the Work Foundation when undertaking this research. Her research interests include welfare reform and activation policies, low pay and in-work poverty, policies for in-work progression and flexible working practices. She is currently managing a range of labour market evaluations, including a programme aiming to promote earnings progression among low-wage workers in Lambeth.

Ceri Hughes is a Researcher at the New Policy Institute, and was a Researcher at The Work Foundation when undertaking this research. Her research interests include conditionality and welfare reform, and the role that skills and qualifications play in supporting progression. She recently co-authored the *Monitoring poverty and social exclusion 2015* for the Joseph Rowntree Foundation and is currently conducting research on labour market outcomes among unpaid carers.

Dr Jennifer Ferreira is a Senior Research Assistant at the Centre for Business in Society at Coventry University. Her research interests focus on the implications of national institutional arrangements for the activities of the temporary staffing industry, and the development of non-standard workforce ecosystems. She is also conducting work that examines the development of temporary agency work and other forms of precarious employment in emerging markets.

The Joseph Rowntree Foundation has supported this project as part of its programme of research and innovative development projects, which it hopes will be of value to policy makers, practitioners and service users. The facts presented and views expressed in this report are, however, those of the authors and not necessarily those of JRF.

A pdf version of this publication is available from the JRF website (www.jrf.org.uk). Further copies of this report, or any other JRF publication, can be obtained from the JRF website (www.jrf.org.uk/publications) or by emailing publications@jrf.org.uk

A CIP catalogue record for this report is available from the British Library.

All rights reserved. Reproduction of this report by photocopying or electronic means for non-commercial purposes is permitted. Otherwise, no part of this report may be reproduced, adapted, stored in a retrieval system or transmitted by any means, electronic, mechanical, photocopying, or otherwise without the prior written permission of the Joseph Rowntree Foundation.

© The University of Warwick 2016

First published February 2016 by the Joseph Rowntree Foundation

PDF ISBN 978 1 91078 336 8

Reference number: 3185

Cover picture by Creative Services, Leeds City Council

Joseph Rowntree Foundation

The Homestead

40 Water End

York YO30 6WP

www.jrf.org.uk



Inspiring Social Change

www.jrf.org.uk